

NEWS SUMMARY

GENERAL

Petrol case for trial

A private case against two oil companies and Ford Motor, part of a campaign to get lead additives removed from petrol in the UK, has been sent for trial. The Mayor's and City Court, London, decided yesterday that the case, brought by three London children against Shell, BP, and Ford, should go before a judge.

Paris cut off by more snow

France was worst hit by fresh snowfalls. Paris was cut off from the south with 8 ins of snow on highways and other main roads. In the UK, snow and ice, which partially demolished the Devon village of Torrington, were abating, but drivers were warned against drifting snow. A thaw is expected by tomorrow. Forecast, Back Page.

Ulster bomb

Two men were killed when a car bomb exploded prematurely in a Republican area of Belfast. Outside Londonderry, 150 marchers commemorating a 1969 civil rights march clashed with riot police.

'Sinister' vetting

Jan Wright, secretary of the Labour Party's moderate Manifesto Group, condemned as "offensive and sinister" a proposal by anti-marketisers that prospective candidates for the European Parliament should be vetted on their views on the EEC. Page 4.

Khomeini stays

With Iranians waiting to hear whether the Shah will go abroad soon, his principal religious opponent, Ayatollah Khomeini, who is in Paris, has been given permission to extend his stay in France. Page 3.

War over official

The US is attempting to rule whether American Indians could be exempted from proving that they were intended for a lawful purpose. The rule dates back to the days when Indians and whites were at war.

Briefly

French Transport Minister said that it was hoped to build a second generation Anglo-French Concorde.
Gumman shot and wounded a civil guard in Spain's Basque region.
Man who raped a 10-year-old girl and seven women was publicly beheaded in Riyadh, Saudi Arabia.
Zaire's President Mobutu reduced his Cabinet from 26 to 20 on the eve of an aid-seeking trip to Brussels.
In Thursday's Financial Times, we said that a National Opinion Poll had given the Conservatives a 3.2 per cent lead over Labour. In fact, the poll showed a Labour lead of 3.2 per cent. We apologise for the error.

BUSINESS

Equities down 2.4; Wall St. firm

Equity leaders lost ground to this trading as the market responded to the growing road haulage disputes. Secondary issues resisted the trend. The FT 30-share index closed 2.4 down at 479.5 but still 8.5 up on the week.

STERLING closed 35 points up at 22,820

The trade weighted index remaining at 63.7. Dollar depreciation again widened slightly, to 3.2 per cent from 3.1 per cent.

GOLD started firmer but lost 25 to 22,820

New York's Comex January settlement was 222.90 (225.00).

WALL STREET closed 1.25 up at 4,473

An increase of 25.75 on the week.

DEFAULT judgment for non-appearance was given against Rio Tinto Zinc

in the "uranium cartel" case brought by Westinghouse Electric in the US District Court of Illinois. Page 19.

MONOPOLIES and Mergers Commission has been attacked by Mr. Gordon Borrie

director general of the Office of Fair Trading over its handling of a probe into the supply of petrol. Page 19.

AD-OPERATIVE retail societies have launched a £500,000 advertising campaign

to counter competition from other major supermarket multiples. Page 3 and 14.

BOILERMAKERS have lifted their overtime ban in ship repair yards

The ban, a protest at redundancy proposals, will continue to apply to shipbuilding. Page 4.

EXPORTS of high grade scrap steel from Britain to customers outside the EEC will be reduced during the first quarter of this year under new Government licensing arrangements

Page 4.

STEEL production in the UK is at record levels according to the Ironworks Society

November output of 3.9m bulk barrels was 4.2 per cent up on November 1977 and was a record for the month. Page 3.

PORTUGAL is expected to lift an easing of domestic credit restrictions imposed by the IMF when negotiations for a renewed agreement with the Fund start on February 6

Page 2.

BRAZIL'S GDP has grown by 6.3 per cent from 1974 to the end of 1977 to \$174.3bn

according to preliminary figures from the country's National Statistics Institute. Page 2.

China to get Harriers in package deal only

BY RICHARD EVANS, LOBBY EDITOR, IN GUADELOUPE

BRITAIN has decided in principle to sell the Harrier jump jet fighter to the Chinese, provided it is part of a large package covering a wide range of capital and consumer goods.

British companies and consortia are well ahead in negotiations which are expected to result in £1bn worth of Chinese orders this year involving the construction of power stations, the development of the coal mining industry and modernisation of steel plants.

The Harrier decision, which will have significant political as well as commercial implications, was conveyed by Mr. James Callaghan to President Jimmy Carter of the U.S. Chancellor Helmut Schmidt of West Germany, and President Giscard d'Estaing of France yesterday at the opening session of the Western summit on the French Caribbean island of Guadeloupe.

Mr. Leonid Brezhnev, the Soviet leader, has already warned Mr. Callaghan and other Western leaders not to sell arms to China and there is, therefore, the prospect of a worsening of relations between Russia and the West.

But President Carter and the other Western leaders here take the view that the sale of the Harrier—the basic rather than advanced model designed for the U.S. market—would not undermine Russian security and should be seen as part of a developing relationship with China now under way in the political, economic and commercial spheres.



Making a point for Britain at the summit, Mr. Callaghan (left) faces a smiling President Carter, President d'Estaing (back to camera) and Chancellor Schmidt.

The leaders do not believe such relatively limited sales should block détente or the development of the SALT talks on arms limitations.

There is no indication here of when the Harrier deal will be signed, but further negotiating progress should be made in a few weeks when a British Government mission led by Mr. Eric Varley, Secretary for Industry, goes to China.

The initial contract is expected to be for fewer than 100 vertical take-off Harriers

manufactured by British Aerospace, although the Chinese have hinted they would like up to 300.

The British Government's firm view is that it does not want to have developing trade with China based entirely or even largely on the supply of arms. The Chinese desire for the Harrier is clearly being used as a powerful bargaining counter to open up the huge China market to a wide range of British products and technology.

Among the areas where negotiations are at an advanced stage and are expected to be concluded soon are:

- Two steel plant modernisation projects together worth £640m, with the prospect of more to follow at a later stage.
- Four new electric power stations to be built, probably coal-fired. British companies are also competing for a further 20 coal-fired power stations planned over the next ten years. The National Coal Board is expected to be involved.

Continued on Back Page

Peking cautions Hanoi on Cambodia invasion

BY OUR FOREIGN STAFF

CHINA'S MOUNTING anger over Vietnam's large-scale invasion of Cambodia was expressed yesterday in a series of veiled but ominous warnings to the Hanoi Government.

As Vietnamese troops and Cambodian rebels, who have seized a quarter of the country, appeared to be thrusting deeper in a bid to encircle the capital, Phnom Penh, China's senior vice-premier, Deng Xiaoping (Teng Hsiao-ping) accused Hanoi of "flagrant aggression".

Referring to Phnom Penh's appeal to the UN Security Council, the vice-premier said that China supported Cambodia and "hopes the UN will intervene".

It seems unlikely, however, that Chinese troops will be sent to fight with Cambodian regulars. Asked what forms of assistance China was providing

to Cambodia, the vice-premier said: "We have been giving the Cambodians all kinds of material assistance, but they don't need any advisers from us because they have their own rich experience."

Deng's words were the first by a senior Chinese leader since the conflict intensified less than two weeks ago. They coincided with a fighting speech by Phnom Penh yesterday by Pol Pot, the Cambodian premier, who said that his troops were fighting on five main fronts, but would "never surrender".

The fighting, which is believed to involve more than 100,000 Vietnamese troops with armour, artillery and aircraft, seems to be reaching a critical point.

Reports reaching Peking last night said that diplomats in Phnom Penh had been advised to leave the capital and that

some had already left. With fighting continuing in at least 10 of Cambodia's 19 provinces, diplomats believe that the Government may be preparing to abandon the capital and conduct the war from the countryside.

Pol Pot accused Moscow and the Warsaw Pact countries of backing Vietnam, and said that Cambodian troops were trying to "cut or separate the enemy into many parts so that we can destroy them more easily". The people's war is now exploding.

Diplomats in Bangkok monitoring the battle believed that claims by rebel Cambodians fighting with Vietnamese regulars that they had seized much of eastern Cambodia were essentially correct.

The diplomats said that much of the Vietnamese force had crossed the Mekong river,



driven close to the centre of the country and opened up another three-division front in the southwest beside the Gulf of Siam.

Reports that the invading forces had taken Takeo—along with two other provincial

Continued on Back Page

Vickers Scotswood to close

BY ANDREW TAYLOR

VICKERS is to close its Scotswood heavy engineering plant, one of its three factories on Tyneside, making 750 redundant.

The group said that it would phase out work at the losing factory by September, starting redundancies in March.

The plant, which makes container cranes, heavy presses and balling equipment for refuse, paper and metal scrap, has been a periodic loser since 1950, in which time it has never been regarded as a success by Vickers management.

Last year it lost about \$500,000, and a £1m loss was projected for this year.

The redundancies will add to the high unemployment in the North-East. According to Department of Employment figures more than 20,000 people

were unemployed in Newcastle upon Tyne last month, 7.4 per cent of the working population.

Vickers denied that the closure was part of a programme to run down its Tyneside operations. It has earmarked several hundred thousand pounds for its armoured vehicle plant at nearby Elswick Works, and last year spent \$44m on a new factory for Michell Bearings, also on Tyneside.

There had been three attempts to revitalise Scotswood, it said. In the 1950s £10m was lost through making tractors and other agricultural machinery there.

Some alternative schemes had been considered in the past 12 months, including a £14m plan for a new factory.

After discussions with the National Enterprise Board and the Department of Industry it had been agreed that this scheme was not viable.

Mr. Noel Davies, joint managing director of Vickers Engineering Group, said in a letter to Scotswood employees that "imminent shortage of work was of such magnitude that it swamped consideration of alternative strategies for Scotswood".

Last year the factory tendered for work valued at more than £50m but won orders worth only £5m, less than half the planned figure.

Shop stewards at the factory meet next week. Mr. Peter Tolchard, works convenor, said that workers would fight the closure.

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Lorry strike may force output cuts

BY COLLEEN TOOMEY AND NICK GARNETT

MANUFACTURERS are planning production cuts next week if the strike by Britain's private haulage lorry drivers continues. Many companies, mostly in Scotland, Merseyside and Humberside, have to decide on either closure or severe curtailment of production as supplies of raw materials dwindle and finished products remain undelivered.

As the strike and picketing spread yesterday, companies such as Pisons Industrial Chemicals, Rio Tinto Zinc at its Avonmouth chemicals plant, Distillers, and chipboard manufacturer Weyroc found it almost impossible to get raw materials delivered from ports.

Picketing has disrupted lorry movements to ports and container depots and port authorities expressed concern that the disruption to services could worsen next week.

Wiggins Teape, a BAT subsidiary, faces a shutdown at its Aberdeen mill "fairly soon". The mill produces 800 tonnes of paper a week and since the strike began no stock has been dispatched.

With all Merseyside hauliers on strike, Pilkington Brothers, the St. Helens glass manufacturer, may also be forced to cut production to avoid a stock build-up.

The strike, by drivers in member companies of the Road Haulage Association, is having a marginal effect on the British Steel Corporation which warned unions yesterday that it would have to reconsider its guaranteed week if the strike continued beyond next weekend.

The guarantee gives workers 80 per cent of basic pay if there is no work, but can be waived in the event of strikes in or outside Corporation plants.

The Road Haulage Association was adamant yesterday that its separate regions would make no improvement yet on its existing 15 per cent offer.

Drivers in Hull had proposed to employers that the national claim of £55 for 35 hours could be reduced to £54 for 40 hours and this would prove acceptable. Hauliers on Humberside decided last night, however, that they would not move beyond 15 per cent.

Mr. James Prior, Tory spokesman on employment, said last night that the lorry drivers' strike constituted "a major crisis".

He called on the Government to ensure that supplies got through to vital industries like

food processing and livestock farmers.

"The food processing industry is already laying off people with all its inevitable effects on supplies, prices and employment."

"Unless there is a change of heart, livestock farmers will be out of feed by the middle of next week and slaughtering will become inevitable," he said.

Two Labour MPs, Mr. Tom Torney (Bradford South) and Mr. William Molloy (Ealing North) yesterday urged the recall of Parliament next week because of the strike.

Food companies and the Ministry of Agriculture yesterday attempted to calm shoppers on a spending spree in supermarkets and freezer stores, claiming that stocks of food

were available. The Ministry claimed that local shortages of particular brands could be met by other brands.

The British Sugar Corporation had little difficulty yesterday because most lorries carrying beet to its refineries were driven by farmers or their workers.

Tate and Lyle, refiners of imported cane sugar, were worse off, with difficulties at several factories.

So far, farmers have been treated sympathetically by pickets who allowed animal ration to be distributed with little interference.

Farmers were also worried about the dangers from disruption of fuel deliveries. Intensive farms producing poultry and pigs would be devastated if fuel supplies were cut off, they said.

Some Fleet Street newspapers reduced the number of their pages yesterday because of non-delivery of newspaper.

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£ in New York

	Jan. 5	Previous
Spot	\$3.0915-0885	\$3.0185-0185
1 month	0.12-0.08	0.10-0.15
3 months	0.27-0.52	0.37-0.52
15 months	0.20-2.10	1.80-1.65

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OVERSEAS NEWS

Tense Iranians awaiting Shah's decision to depart

BY SIMON HENDERSON IN TEHRAN

WITH THE long-awaited announcement of Dr. Shapour Bakhtiar's cabinet now imminent, Iranians are anxiously waiting to see if the Shah is going to leave the country.

The belief that he will leave temporarily has been strengthened by senior aides of President Carter, who are reported saying in Washington that the Shah is expected to act within the next few days. "It is now a question of when and not whether," one expert predicted. The officials stress that his departure from Iran will be for a holiday and that he does not intend to abdicate.

Support for the new administration is still doubtful. The resignation of General Gholamir Oveissi as head of the Army on Thursday is seen as one point in Dr. Bakhtiar's favour, lessening the charge of a military coup against him. But the attempted resignation of two other generals is a worrying sign of major disquiet in the Army high command.

The National Front, the main organised political opposition party, still continues to oppose Dr. Bakhtiar, former member of the Front. But it is steadily backing off its call for a day of protest tomorrow.

No major demonstration has been called for beyond a general strike. But since the economy is anyway practically at a standstill because of the

serious fuel shortage, such action would be hard to detect. Pointedly, the anti-Shah Moslem religious leaders have not expressed any involvement in the protest. This could be because they are prepared to give Dr. Bakhtiar a chance, or because they are sitting firmly on the fence until the situation

AYATOLLAH KHOMEINI, the Iranian religious leader, has persuaded the French government to allow him to remain in France despite the criticism by his outspoken critics in the Shah, Terry Dodsworth writes from Paris. The French Foreign Ministry would not say yesterday how long the extension of the Ayatollah's stay will be, but the indications are that he has been given another three months following the end of his first three months' visa.

is clearer. Either way it is a stab to the National Front and an indication of its limited organised support. Dr. Bakhtiar's cabinet has not been announced but it is fairly certain the Iranian army will be represented by retired General Jam, a former Armed Forces chief. Names in one list circulating in Tehran include several completely unknown personalities, two serving

generals and several human rights activists. None has previously held ministerial appointments. Dr. Bakhtiar's weakness is his almost complete lack of popular support.

Tehran yesterday was quiet with people celebrating the Moslem weekend by walking in the parks and generally relaxing. Many others were waiting without success in long queues to buy oil for cooking stoves and for heating. Soldiers remained stationed at many intersections. Several slogans have become current against Dr. Bakhtiar, including the chant "Bakhtiar-Puppet" which rhymes in Persian. A comparatively unknown figure in Iranian politics, Dr. Bakhtiar is not thought to have had so much as an aide before being named as Prime Minister a week ago.

These slogans were from Beirut: Part of increased Saudi oil production in the wake of the Iranian crisis is being pumped to Zahrani on the Lebanese Mediterranean coast, according to the English-language newspaper here, yesterday. Industry sources have confirmed the report but Aramco has not issued a statement about it. Since December 29, 280,000 barrels a day have been pumped via the trans-Arabia pipeline from Ras Tannura, the Saudi terminal on the Gulf, to storage tanks at Zahrani near the southern Lebanese port of Sidon, the sources said.



Sig. Pietro Sette, now president of ENI who has been named to head IRI.

Political choices for Italy's top jobs

By Rupert Cornwell in Rome

AFTER MONTHS of painstaking internal wrangling, the Italian Government has finally agreed on the nomination of candidates to head some of the country's most important public sector corporations.

Picked to head the giant conglomerate Istituto per la Ricostruzione Industriale (IRI) is Sig. Pietro Sette, currently head of the State energy agency Ente Nazionale Idroelettrico (ENI). His successor at ENI will be its current vice-president Sig. Giorgio Mazzanti, strongly backed by the Socialist Party.

Among the other key nominees, the choice for the presidency of ENEL, an important body with interests in arms and other industrial sectors, has fallen on Sig. Corrado Fiaccento, closely linked with the Social Democrats and until now head of Agip Nucleare, the atomic energy arm of the ENI group.

Yesterday's announcements, however, may by no means spell the end of the saga over the unifying division of spoils between the parties. The nominations have now to win parliamentary approval—something far from certain in the present strained political climate.

The compromise settlement is likely to be opposed by both Communists and Republicans within the existing parliamentary majority backing the minority government of Sig. Giulio Andreotti. Its sale price depends, therefore, on whether the ruling Christian Democrats manage to patch up their internal differences to vote through the package, with the support of Socialists and Social Democrats.

Meanwhile, further down the appointments scale, the President of the Milan Stockbrokers Association, Sig. Urbano Aleotti, has resigned over the controversial appointment of Sig. Bruno Fazio, a specialist in the stock market, to the Board of Consob, the watchdog body responsible for the Italian stock markets.

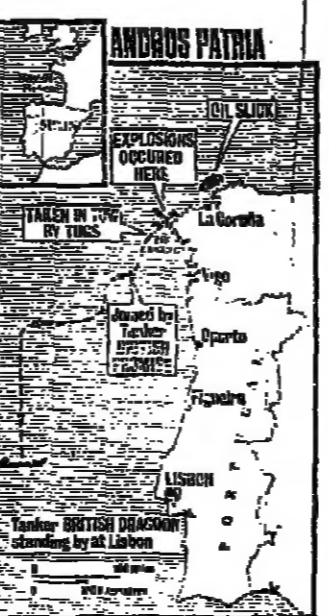
Salvage men on board Greek tanker

By Robert Graham in Madrid.

THE CRIPPLED Greek tanker, Andros Patria, was being towed south by two Dutch tugs last night to a point opposite Lisbon but outside Portuguese territorial waters. Two salvage experts were finally able to board the tanker yesterday.

The fate of the tanker and its remaining cargo of some 160,000 tonnes of Iranian crude oil, owned by British Petroleum, now depends on the salvage expert's assessment of the damage. A series of unexplained explosions caused a 15-metre hole around the waterline last Sunday.

Despite the difficulties of persuading the Portuguese to accept the idea of offloading the crude in calmer territorial waters, there is a feeling that the objections—principally fears of pollution—can be overcome. A specially converted tanker, British Dragon, is at present waiting to offload the crude, so permitting the Andros Patria to enter the Lisnave drydock in Lisbon.



THE GUADELOUPE SUMMIT

SALT comes under scrutiny

BY ROBERT MAUTHNER IN GUADELOUPE

THE IMPLICATIONS for Europe of the next round of the strategic arms limitation talks, following the expected early conclusion of SALT 2, figure high on the informal agenda of the "big four" Western summit which opened on this French West Indian island yesterday.

Britain and France, as the only two European powers with nuclear defence forces, are particularly concerned by the next round of negotiations. SALT 3, since both the Soviet Union and the U.S. are believed to want to discuss the limitation of strategic nuclear arms deployed in forward areas of Europe.

The whole problem of the future of the British and French nuclear deterrents is reported to have been discussed by Mr. James Callaghan, the Prime Minister and President Giscard d'Estaing of France, during their talks in Paris last month, though neither made any official statement on the subject at the time.

While the Soviet Union in

particular is anxious that the limitation of British and French nuclear arms should be included in SALT 3, the British and French Governments are reported to be in agreement that they should be excluded from the negotiations. This point is expected to be made forcefully by at least President Giscard in the wide-ranging discussions on security problems which he is due to have here with President Jimmy Carter, Mr. Callaghan and West German Chancellor Herr Helmut Schmidt.

A clarification of the U.S. position on the subject has become all the more pressing since both Britain and France will have to take important decisions on the development of their nuclear forces.

Britain's nuclear agreement with the U.S. under which the U.S. supplies it with Polaris missiles, comes up for renegotiation by the end of this year, while the French must take an early decision on whether or not to build their own Cruise missiles.

Herr Schmidt, too, is said to be greatly concerned by the probable outcome of SALT 2 and the reported intention of the Soviet Union and the U.S. to discuss the reduction of their nuclear arms in the so-called "grey areas" of Europe. West Germany, in common with most other West European countries, fears that the prospective SALT 2 agreement will turn out to be the advantage of the Soviet Union and will undermine the credibility of the American nuclear umbrella over Europe.

The four Western leaders are also due to discuss their policies on various burning international issues such as the situations in Iran, Turkey, Southern Africa and the Middle East. Mr. Callaghan is expected to have a bilateral meeting with President Carter on Rhodesia, during which they will review possible joint initiatives following the fact-finding visit last month by Mr. Cledwyn Hughes, Chairman of the Parliamentary Labour Party. Mr. Hughes has reported that

there would be little point in calling a round-table conference at this stage.

Herr Schmidt, according to informed sources, is particularly anxious that a Joint Western Initiative should be taken to prevent a further deterioration of the situation in Turkey and has offered a substantial West German financial contribution to what he hopes will be a joint Western aid package.

Though the Franco-German disagreement on agricultural problems, which has delayed the introduction of the European Monetary System, will doubtless come up in bilateral conversations between President Giscard and Herr Schmidt, French officials do not expect a compromise settlement to be reached in Guadeloupe. The French and West German leaders are expected to do no more than create a favourable psychological climate for the forthcoming meeting of Common Market agriculture ministers in Brussels.

Early decision expected on BP's deal with Veba

BY JONATHAN CARR IN BONN

THE WEST German Economics Minister, Count Otto Lambsdorff, is thought increasingly likely to decide this month whether to allow the DM 800m deal between Veba and Deutsche BP to go ahead in its proposed form.

Ministry officials said today that a public hearing would be held on January 18 at which all interested groups, including trade unions and consumer associations, would be able to state their views.

Count Lambsdorff was expected to take his decision shortly afterwards. The deal, announced last June, was supposed to take effect on January 1. But the Federal Cartel Office announced in October that it was blocking that part of the agreement under which Deutsche BP would gain a 25 per cent stake in Ruhrgas, much the biggest natural gas company in the country. Only the Economics Minister can—on grounds of national interest—override this decision.

Count Lambsdorff is in a difficult position and there is so far no clear indication of how he will move. As a leading member of the Liberal Free Democrat Party (FDP) and a vigorous defender of the free market economy, he will find it hard to counter the competition arguments made not only by the Cartel Office but also, in late December, by the Monopolies Commission, an advisory body.

On the other hand, part of the deal will ensure that Veba will receive from BP up to 3m tonnes of crude oil annually to the year 2000 at competitive

prices. This would meet nearly one-fifth of Veba's future refining needs. Further, it is stressed in Bonn that the problems in Iran show once again how urgent it is for West Germany—which has few native energy supplies—to intensify links with those who have access to North Sea oil.

The Monopolies Commission did not advise against any further stake by Deutsche BP in Ruhrgas. But it suggested that this be limited to nine per cent, giving BP a firm tie-hold in the German market—instead of 25 per cent.

The argument here is that the West German subsidiaries of the international oil com-

panies Esso, Shell, Mobil, Texaco and BP (the latter with just 0.5 per cent), already have a total stake of 40.9 per cent in Ruhrgas. It is said that an increase to more than 50 per cent would be undesirable because it might well reduce competition between oil and gas as energy sources in West Germany.

The Monopolies Commission suggests that the Federal Government—with a stake of 43.7 per cent in Veba—should use its position to help bring about the "nine per cent solution." But this, too, would appear to go against Count Lambsdorff's free market principles.

Orders to W. German industry grow modestly

BY ADRIAN DICKS IN BONN

NEW ORDERS to West German industry, whose apparent buoyancy last autumn has been one of the strongest features of the present upswing, in fact rose a good deal less rapidly in October than had been believed. The Federal Statistical Office on Friday issued revised figures showing that new orders rose only 2.5 per cent in October, rather than 4 per cent.

Preliminary figures for November indicated that the rise was once again about 2.5 per cent. But the Statistical Office warned that the picture is likely to have been distorted both by amendments to the reporting system, which now includes concerns that were previously classified as craftsmen's workshops, and also by the effects of the present steel industry dispute.

However, the provisional November figures showed a strong 4 per cent rise in foreign orders, with a particular emphasis on the capital goods sector, often seen as the most important component of the index.

Meanwhile industrial production in November was virtually unchanged from October, but was 1 per cent above the September level, which in turn has been corrected upwards.

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Lisbon seeks IMF concessions

BY OUR LISBON CORRESPONDENT

NEGOTIATIONS TO renew Portugal's agreement with the International Monetary Fund, due to expire at the end of March, will start on February 6. Prof. Jacinto Nunes, the Finance Minister announced yesterday.

The new agreement should be retrospective to this month and run for the calendar year. The Minister made it clear that Portugal would be seeking certain concessions in the negotiations following its success in keeping within the IMF's stipulated balance of payments limits.

The Portuguese are believed to want an easing of domestic credit restrictions, which were imposed as part of the IMF deal, in recognition of the overall success achieved in the plan—even though the agreed credit levels were breached.

Official information shows

that the country overstepped the credit mark in the public sector during the term of the IMF agreement.

It is a moot point, however, whether the fund's "policemen" will agree with the Portuguese view. They originally stipulated credit ceilings for both the private and public sectors and it was this latter which exceeded the limits despite the fact that the private sector remains responsible for 85 per cent of Portugal's exports.

Sr. Vitor Constancio, meanwhile a former Socialist government Finance Minister, resigned as head of the European Integration Commission (EIC), the body responsible for detailed membership negotiations with the EEC. Dr. Constancio did not give any reasons for his move and no successor has yet been named.

He will retain his post as deputy governor of the Central

Bank. Previously, the young financial expert had made it clear that heading the EIC was a full-time job and he would soon need to decide on his future with the body.

Meanwhile things are promising to heat up in the labour front. The Communist-backed major trade union movement CGTP has warned Premier Mota Pinto's reformist non-party government that it will oppose proposed policies to reverse some of the Left-wing gains of the revolution.

Trade union representatives promised widespread labour unrest if the Government continued handing back State supported companies to former owners, reversing the agrarian reform policies, and reducing the power of workers' commissions previously allowed a say at management level in many companies.

Tough year for Dutch economy

BY CHARLES BATCHELOR IN AMSTERDAM

THERE IS no sign there will be any significant improvement in the Netherlands' sluggish economy this year, according to a senior Government economist. Bright spots in the generally gloomy picture were the success in reducing inflation and in holding unemployment levels steady. Dr. F. W. Rutten, permanent under-secretary at the Economics Ministry, said in his annual review of the Dutch economy published in the weekly "Economic Social Reports".

The growth of the public financing deficit and the sudden worsening of the balance of payments had reduced the Government's room for manoeuvre, he said.

The production picture was patchy but expansion in West Germany, the Netherlands' largest trading partner, could stimulate the Dutch economy. Exports had not matched the

growth of world trade, and in the past two years had fallen by 10 per cent. The change in the balance of payments, from a surplus of Ft. 4.4bn (£1.84bn) in 1976 to an estimated deficit of up to Ft. 2bn last year, was a fundamental one, Dr. Rutten said. But this probably exaggerated underlying trends, and the Netherlands' considerable gold and currency reserves would allow it to run balance-of-payments deficits for some time. This would reduce the Government's leeway, however, and would have to be reflected in financial and economic policies.

If deficits continued, they would lead to a reduction in liquidity, which would depress investment by the private sector. To reduce this pressure, the Government would have to cut its deficits more quickly than was already planned. The reduction of inflation,

now 4.25 to 4.50 per cent, was to a large extent due to the strength of the Guilder on foreign exchanges. It was important to consolidate the recent reduction in inflation in the year ahead, and to restrain wages, he said.

If the Guilder was allowed to depreciate, inflation would increase, while it was not clear that an advantage would be gained elsewhere. Taking the total of Government policy objectives in employment, price stability, maintaining real purchasing power, reasonable profits and balance-of-payments stability, policies aimed at reducing the value of the guilder would be irresponsible.

The economy now called for finely tuned policies to improve the labour market and industrial investment, Dr. Rutten said. Such policies were also more likely to attract public support.

Debate re-opened on route of Alaska-Canada gas pipeline

BY ROBERT GIBBENS IN MONTREAL

MR. ROBERT BLAIR, President of Alberta Gas Trunk Line, has reopened the debate about how best to bring to market gas from Alaska and the adjoining Beaufort Sea and Canadian territory. He told the Globe and Mail newspaper of Toronto that the possibility of taking the gas up the Mackenzie Valley had been raised in "deliberately broad" discussions between his company and Dome Petroleum.

His statement comes as very much of a surprise since it was a consortium put together by Mr. Blair that last year, was given approval for a pipeline farther west along the Alaska-Canada Highway through British Columbia and Alberta. The Mackenzie route had been

put forward by a group including members of the big oil companies but was turned down by the Canadian National Energy Board. An independent inquiry had reported unfavourably against the ecological aspects of the route and its impact upon native peoples in the area.

It is not known what has caused Mr. Blair to re-open an issue which appeared to have given him a triumphant victory last year. Dome believes that the Mackenzie Valley route is more suitable for whatever it may find in the Beaufort Sea, east of Alaska, and for gas even farther to the east in the high Canadian Arctic, around Melville Island.

Dome has drilled in the Beaufort Sea during two suc-

cessive summers. Nothing is officially known of the results so far, though there are rumours of what the industry admiringly calls an "elephant".

The route along the Highway would require a spur to be built to feed in Canadian gas from the Beaufort Sea and the Mackenzie Delta, once quantities warrant. Applications for such a spur are expected to be lodged with the regulatory authority in June.

Mr. Blair said it was important to have the alternative Mackenzie Valley route discussed now since he did not want a "competitive hearing" about the merits of the two choices before the National Energy Board.

U.S. new car sales near record

By John Wyles in New York

THE U.S. CAR industry had its third best sales year ever in 1978 and although imports performed less well than the year before total new car purchases by U.S. consumers were the second highest ever.

The 1978 picture has been completed following publication yesterday of December car sales figures which reveal that the rate of domestic make sales rose 2.7 per cent but foreign car sales, apparently succumbing to the impact of repeated price increases, slumped 8.9 per cent. The total volume of U.S. produced cars delivered actually fell in comparison with last December but the month contained one less selling day with the result that the selling rate was higher.

Ford, General Motors and American Motors all suffered a drop in sales in December in comparison with last year but Chrysler, whose December 1977 sales were dreadful, posted an 8.3 per cent increase. For the year as a whole General Motors' sales rose 4.9 per cent, Ford's 1.5 per cent, while Chrysler's dropped 5.7 per cent and American Motors' 7.2 per cent. Sales of domestically produced cars reached 9.3m units and imports about 2m. The 11.3m total was second only to the 1973 record of 11.43m. Foreign car sales appear to have finished about 2 per cent lower than in 1977 reducing their market share from 13.4 per cent to 17.8 per cent.

Thriving vehicle industry aids Brazil GDP growth

BY DIANA SMITH IN RIO DE JANEIRO

PRELIMINARY STATISTICS from Brazil's National Statistics Institute indicate that in 1978 GDP grew 6.3 per cent to \$174.3 bn from \$164bn at the end of 1977.

This result, in a year beginning with the threat of stagnation, was due to the recovery of industry (8.6 per cent growth), trade (6.1 per cent growth), and transport and communications (6.1 per cent growth). Agricultural production suffered a negative growth of 1.8 per cent, owing to drought, frosts, blight, swine fever, unseasonal rain, tighter credit and reduced planting area.

Industry's performance, compared with growth of only 4.18 per cent in 1977, is all the more striking when account is taken of the obstacles: 40.8 per cent annual inflation, lending rates that hovered around 55 per

cent annually, more costly raw materials and energy, tightly controlled selling prices, and tight consumer credit.

The upsurge of the vehicle industry (12 per cent in 1978) with its vital multiplier effect, set the pace, however. The industry had suffered its worst year ever in 1977. With higher petrol prices and rising interest rates, manufacturers did not expect to do well in 1978. However, by mid-year, 500,000 vehicles had been made and sold, and by early December for the first time in Brazil's car-manufacturing history, the millionth vehicle in a calendar year rolled off the assembly line.

Apart from thriving domestic sales, the vehicle industry also exported \$1.2bn worth of cars, motors, and chassis—another record.

S. Africa 'has had offers of oil'

BY QUENTIN FEEL IN JOHANNESBURG

SOUTH AFRICA has had offers of supplies of crude oil from several sources, and imports would not dry up completely if Iranian supplies were cut off, a senior government official said yesterday.

Mr. Tjaart Van Der Walt, Secretary for Commerce, admitted however, that the offers of oil to replace Iranian crude, which has accounted for more than 90

per cent of South African supplies in recent years, were at a premium price.

His statement coincided with a newspaper report here that the South African government had held talks with both Saudi Arabian oil officials, and the opposition in Iran in an effort to secure its supplies. There was no confirmation from Government sources.

of GNP in 1978. This year's target is 10 per cent, and it should be below 8 per cent by the end of 1981. Although most of the White Paper was drafted before Ireland finally decided to join the EMS, an appendix makes it clear that the Government assumes that the Irish pound will not emerge from the 2.25 per cent band within which Britain has said it would try to stay. Effective parity should thus be maintained.

Dr. O'Donoghue said he expected that the balance-of-payments deficit could worsen this year. This was because of the imports necessary for a heavy investment programme.

Irish growth to slow slightly

BY STEWART DALBY IN DUBLIN

IRELAND EXPECTS its high growth rate to slow only slightly this year, while inflation, which was seven per cent in 1978, will drop to five per cent. Unemployment should fall by 25,000 by the end of 1979.

These were the main points in a long-awaited Government White Paper called "Programme for National Development 1978-1981," which was released yesterday by Dr. Martin O'Donoghue, the Minister for Economic Development and Planning. The message is that the Government does not feel that membership of the European Monetary System (EMS) will have a

strong deflationary effect on the buoyant Irish economy.

The paper expands on the White Paper of January 1978, and the Green Paper of June 1978. It says the Irish economy grew by 7 per cent in 1978. For this year, a 6½ per cent increase is forecast. For 1980 and 1981, growth of 7 per cent and 5 per cent respectively are considered feasible.

By 1981, a total of 75,000 people should have found work, more than halving unemployment. These targets are thought to be consistent with the Government's other main goal of bringing down the public-sector borrowing rate, which amounted to 13 per cent



M. Francois Mitterrand

Mitterrand prepares to defend leadership

By David White in Paris

THE GROWING debate among French Socialists enters a crucial stage today, when the party leadership meets to prepare for a full congress in May in April. The question of whether M. Francois Mitterrand can continue to rally the party's mainstream at the congress remains open in the face of an alliance between two of his former chief lieutenants, M. Michel Rocard and M. Pierre Mauroy.

Instead of the traditional confrontation between the mainstream and the minority left-wing Ceres group, a wide range of motions are being put forward.

At the instigation of M. Gaston Defferre, the Mayor of Marseilles and a close ally of M. Mitterrand, the party Executive Committee is expected to set up a working group at its meeting today to investigate a possible compromise between the Socialist leader and his mainstream critics.

The working group would report to the Executive Committee's next meeting in February, but M. Mitterrand's noted capacity for compromise appears to be under increasing strain.

The Metz congress is the key to who will be the Socialist candidate in the 1981 presidential election.

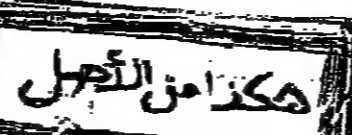
M. Rocard, the most widely tipped challenger to M. Mitterrand, and M. Mauroy, Mayor of Lille and chief of the party in its powerful base in the Nord department, have presented positions differing in several respects from M. Mitterrand's—a more positive attitude to Europe, a new approach to the Socialist-Communist alliance, and acceptance of a mixed economy. They have also distanced themselves from M. Mitterrand's one-man-show style of leadership.

M. Rocard said this week that his joint project with M. Mauroy did not aim to change the party leadership, nor its political line, but to add elements which would take into account political and economic events in the past seven years. Although he has denied that he wants to take over M. Mitterrand's position, he has hinted that he would be prepared to be the party's presidential candidate.

A recent attempt by M. Mauroy to find common ground with M. Mitterrand's allies came to nothing.

Amid the proliferation of subtly different political lines, there is talk of a "balcanisation" of the party. The Ceres group itself has split over the emphasis to be put on industrial democracy.

M. Mitterrand has twice taken seat in the debate in recent weeks. In an interview published in Le Monde yesterday afternoon, he stressed the party leader's role of preserving unity.



UK NEWS

Pay policy 'may be stepped up again'

BY IVOR OWEN

A FURTHER warning that if wage settlements reach unacceptably high levels the Government might be forced to take new measures to reinforce its counter-inflation policy was given by Mr. Merlyn Rees, Home Secretary, last night.

In a speech to his Leeds constituency Labour Party, he reaffirmed that the Government expected the rate of inflation to continue in single figures for some months ahead. But what happened from then on, Mr. Rees said, depended critically on what happened to earnings.

"So, if we want to keep inflation in single figures—and, indeed, push the rate down further—we must be responsible about the increases in pay we give ourselves."

The Home Secretary added: "The Government will not be able to sit back, if the tide of success of last year were seen to be ebbing."

Productivity

Mr. Rees discounted suggestions that the policy laid down for the present pay round—increases of earnings of not more than 5 per cent unless any excess clearly resulted from genuine increases in productivity—was already collapsing. Some people had a vested interest in suggesting that this was the case, and he recalled that they had indulged in the same tactics last year.

Newly 1m workers had settled so far in the current pay round, and more than 90 per cent had done so within the Government's guidelines.

"I believe that the vast majority of the people of this country now recognise the simple truth that we just cannot afford to pay ourselves more than we earn," said Mr. Rees.

"If our pay increases are not covered by increased productivity, the inevitable result is inflation."

Mr. Rees pointed out that there had been an increase of more than 7 per cent in real take-home pay during the last pay round. This showed the real benefits to living standards, which came from the combination of low inflation coupled with moderate pay settlements, and the tax reductions and benefit improvements which these made possible.

Most wage increases still near 5% limit

By John Elliott, Industrial Editor

MOST PAY DEALS are still being agreed for figures around the Government's 5 per cent pay limit, despite the high offers to groups such as Ford Motor workers and oil-tanker and other lorry drivers.

This emerges from the latest returns in the Confederation of British Industry pay data bank, which has reports of 360 pay settlements covering 1.5m workers.

Of the 369 settlements 22 are private-sector national deals, and 17 of them involve rises above the Government's 5 per cent limit in line with the pay White Paper's exceptions for low-paid workers.

Excluding these exceptions, 87 per cent of employees covered in the 352 other settlements have accepted basic rises of not more than 5 per cent.

Productivity deals have boosted the total rises for 273,000 employees through 120 self-financing deals reported to the data bank.

Taken together, the figures show that only 7 per cent of the total number of employees who have settled have broken the Government guidelines.

This is a lower figure than the data bank was reporting a month ago, when it seemed that Ford Motor's 17 per cent deal was leading to a general drift above 5 per cent.

Pay claims, however, are still running at high levels, with about 150 out of 247 reported to the data bank demanding rises that would boost employment by more than 20 per cent.

Some 5m workers are covered by the 247 claims, about half of which seek a reduction in the standard working week. But there is only limited pressure for breaking the 15-month rule on the spacing of pay deals.

Saturation point draws near for Heathrow Airport

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HEATHROW AIRPORT, London, is now getting close to saturation level. Figures issued by the British Airports Authority show that in November, the airport handled nearly 2m passengers, a 14.2 per cent increase over the same month in 1977, and 18 per cent up on November, 1976.

For the 12 months to end-November, the number of passengers rose by 12.5 per cent to 26.3m—not far short of the 30m which the authority says is the limit for the airport—without development of the fourth passenger terminal on the south-eastern side.

If this is allowed, it will give the airport a breathing space,

providing capacity for another 8m passengers a year.

But if the present rate of expansion is continued into the 1980s, as many in the airline industry believe it will, even this extra capacity will be used up before the second half of the 1980s.

This will then require further airport developments at Gatwick and Stansted, together with decisions on a fourth major airport.

Anticipating the situation, the Government has set up the Airports Policy Advisory Committee, comprising representatives of the airports authority, Government departments, local authorities, trades unions and

other organisations, to work out a scale of development priorities for the 1980s.

This group is now believed to be close to a decision to recommend further development of Gatwick from the present capacity of 16m passengers a year to 25m a year, by the addition of a new terminal building.

The formal planning application for this is expected to be submitted to the local authorities in spring or early summer, but it is considered certain that it will be made subject to a Public Planning Inquiry by the Department of the Environment.

Beyond this, the committee is considering further airport

developments, with the additional development of Stansted Airport, Essex, as priority, but with another big airport looming large in its thinking.

The latter development may be either the conversion of an existing military airfield into a major civil airport, or the development of a new "green-field" site from scratch.

Because of the limited number of military airfields in the south-east suitable for conversion to civil use, the committee's thinking is believed to be moving more and more towards a green-field location, although no specific sites have yet been selected.



Airport staff clear snow and ice at Heathrow Airport, London

Flights resume after clear-up

By Our Aerospace Correspondent

BRITISH AIRWAYS hopes to have all its flights operating normally today, after a big effort by its own and British Airports Authority teams to get compacted snow and ice removed from the main terminal buildings at Heathrow.

But in spite of efforts by these teams to clear the airport on Thursday night, the airline yesterday felt obliged to cancel up to 70 per cent of its short-haul international and domestic flights, with consequent disruption of travel plans for thousands of passengers.

The airline's explanation was that it had been forced to take decisions on Thursday night to cancel yesterday's flights, because of the uncertainties over the airport's operational capability, and it was too late yesterday to rescind that decision, even though the airport was largely cleared of ice and snow by midday.

The British Airports Authority claimed that by early yesterday, 140 of the 151 aircraft stands at the three terminal buildings were usable, with the remaining 11 being cleared by the afternoon.

With all the other airlines at the airport functioning normally, the authority felt that British Airways could have operated more flights.

Yesterday, all but four of British Airways' long-haul flights took off without problems.

British Airways claimed that early yesterday, only six of the 33 stands at Terminal One, the main terminal for short-haul flights, were usable.

The position improved during the day and by late afternoon some flights had been restored.

Shoppers urged to stop food panic buying

BY CHRISTOPHER PARKES

FOOD COMPANIES and the Ministry of Agriculture yesterday tried to calm shoppers from panic buying in supermarkets and freezer stores.

The Ministry of Agriculture assured the public that there were "considerable" stocks of food in the country. While there might be some local shortages of particular brands, alternatives were generally available, it said.

The freezer food company Bejam blamed the media for the wave of housewives which swept through its stores yesterday, snatching several bars of all frozen vegetables.

"They are panicking unnecessarily," the company said. "People are misusing their freezers. It doesn't make sense for them to store vegetables instead of our storing them."

The National Farmers' Union said that, as the weather's grip slackened, output of vegetables could soon be back to normal, and wholesalers reported that prices might easily be back to more reasonable levels by early next week.

The lorry drivers' industrial action was disrupting distribution only to a limited extent, and the picketing reported at Leeds and Glasgow wholesale vegetable markets had not spread to other cities, the National Federation of Fruit and Potato Trades said.

The British Sugar Corporation reported that lorries carrying beet to its refineries were still running free of trouble, mainly because these were generally driven by farmers or their workers, but the picketing at its York works were not allowing any sugar out.

About 15 per cent of its 250-vehicle fleet was affected and the corporation had adjusted its distribution methods to keep supplies moving. More sugar was being diverted into cash-and-carry wholesale outlets, while some smaller retailers were not getting deliveries direct as usual.

Tate and Lyle, which refines imported cane sugar, appeared to be worse affected with difficulties at several factories. There was certainly no need for panic, a spokesman said, although most retailers seldom stocked more than four to five days' supplies of sugar.

Animal feed manufacturers and farmers were handing out bouquets to the Transport and General Workers' Union yesterday.

Unofficial approaches to the union by farmers and feed companies had been received sympathetically, and most pickets were allowing animal rationing to be distributed with little interference.

A spokesman for Imperial Tobacco, which includes feed compounding and farming in its interests, said that so far there had been no problems affecting either sector. "But the situation is not healthy," he added.

Imperial has some 20m broiler chickens on its farms and, in common with most poultry farmers, maintains reserves of feed on the farm for only two to three days.

Farmers were also worried about the dangers arising from disruption of fuel deliveries. Intensive farms producing poultry and pigs would be devastated if cut off from fuel supplies.

BOCM-Silcock, Britain's biggest animal feed company, with 17 mills, said it had been hit "pretty hard" by the combination of weather and the strike. It does not run its own transport network and it is having some difficulty in setting supplies of raw materials.

A spokesman said the company's main concern was to maintain supplies for as long as possible, and it had therefore reduced the number of feeds it manufactured.

Three mills—Port Sunlight, Manchester and Alton—were producing only emergency rations.

Almost all trains running, says British Rail

BRITISH RAIL said yesterday that all routes were open and over 95 per cent of scheduled trains were running.

The continuing freezing weather was, however, still causing some cancellations, and delays.

BR said that to reduce hold-ups, some trains were running outside of their normal circuits and it was no longer possible to guarantee catering facilities.

Passengers, especially those

planning long journeys, were advised to check before boarding trains and to take food and drink if necessary.

BR apologised for the lack of external cleaning of many trains saying that it was impossible in freezing temperatures.

Although expected further snowfalls had not arrived last night, motorists were being faced with more problems from drifting snow, the Automobile Association warned.

IN THE WAKE of the leaked report on the Birmingham University smallpox outbreak, the Department of Health is

discussing the future of smallpox research at St. Mary's Hospital Medical School, London, with Professor Keith Dumbell, who heads the research team.

In view of growing public controversy over the leaked Shooter report, Mr. David Ennals, Health Secretary, is expected to make an early announcement on the future of smallpox research at St. Mary's. Mr. Ennals is due to return from a visit to the U.S. on Monday.

Discussions over the future of Professor Dumbell's research at St. Mary's are understood to have been instigated by the Department on receipt of the Shooter report before Christmas.

While Mr. Ennals decided not to publish the report then because of pending legal action against the University by the Health and Safety Executive, Professor Dumbell was asked to discuss certain aspects of it.

St. Mary's is the only other centre in Britain where research on smallpox is being undertaken.

proportion of householders' expenditure is going towards maintenance, repairs and decoration.

"Gentrification" of older properties is much in fashion for the cost of moving house is constantly rising. Home improvement is more appealing than buying a more expensive house which would cost more to run.

Smith believes that the future development of this trade lies in large out-of-town stores with adequate car parking space rather than small retail shops in the high street.

Competitors would like to develop this approach much more rapidly but are bedevilled by the problem of obtaining planning consent.

Co-ops in battle to regain customers

By David Churchill, Consumer Affairs Correspondent

THE CO-OPERATIVE retail societies yesterday launched a major promotional campaign aimed at regaining some of the ground lost to Tesco and Sainsbury during the past year.

The advertising campaign, likely to cost almost £500,000, will be the first time for 10 years that a general "image-building" campaign will be carried out at local as well as national level by the Co-ops.

Previously, the Co-operative Wholesale Society's food division organised the national campaign for the Co-ops, with local societies carrying out local advertising of specific prices.

But the societies now feel it is important to push their overall image to counter heavy advertising campaigns from Tesco, Sainsbury, and the other major supermarket multiples.

The new campaign will emphasise the differences of Co-op shopping over other supermarkets. In particular, it will stress that the Co-ops are the only major supermarket group still giving trading stamps, as well as promoting the traditional reasons for Co-op shopping, namely that they are owned by members.

More UK Home News, Page 22

The new emphasis on the Co-ops' image, rather than strict price cuts, is similar to the approach of the other major supermarket's advertising. While the stores are promoting certain products, a special offer, there is little scope left after the fierce price-cutting of the past 18 months to implement any further overall price cuts.

Over the past year, the Co-ops' share of the packaged grocery market has slipped by one percentage point to almost 18 per cent, while Tesco and Sainsbury have both sharply increased their market shares. Tesco has just over 13 per cent of the market and Sainsbury almost 11 per cent.

Although the Co-ops have already started some initial advertising the major brunt of the campaign will start at the end of this month. Sainsbury started its new campaign this week and Tesco is due to start heavy advertising on Monday.

Supermarkets price war, Page 16

Record set for beer output

By Our Consumer Affairs Correspondent

BEER PRODUCTION is at record levels, according to figures given yesterday by the Brewers' Society.

November output, 3.9m bulk barrels, was 4.2 per cent up on November, 1977, and the highest November figure recorded.

The running total for the first 11 months of 1978 was up by just over 3 per cent to 37.6m bulk barrels, again a record.

The society said that the November output was comparable to that of a summer month. The high figure was due to a number of factors, including the relatively mild temperatures.

"This demonstrates once again that the beer market is extremely weather-sensitive."

Other factors which helped output were the retail trade stocking up earlier for Christmas, and fewer industrial disputes. The society estimates that production in 1978 will exceed 40m bulk barrels for the first time, in line with forecasts last year.

Fiat and Opel increase prices in UK by about 5%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TWO MORE major car importers have announced price increases. Fiat of Italy is adding an average of 5.5 per cent to UK prices, while Opel, the West German subsidiary of General Motors, has added an average of 5 per cent.

The price rises should not affect stock already in dealers' showrooms.

Examples of the Fiat increases, to take effect on January 8, include the lowest-price car in the range, the 126, which will go up by £73 to £1,713.

Fiat's best-seller, the 127, will cost £134 more at £3,695. The twin-cam Supersprint goes up by £354 to £4,102, but will include a steel sliding sunroof as standard equipment where it previously cost £148 extra.

The bottom-of-the-range Opel Kadett two-door, one-litre saloon, has had its price increased by £117 to £2,465. The Manta two-door coupe has gone up by £339 to £4,856.

The two top-of-the-list cars, introduced only in September, have also had prices increased.

the Senator by £475 to £9,975 and the Monza by £483 to £10,350.

The list of manufacturers which have increased prices, or intend to, in January is now a long one, and nearly every car available in the UK will cost about 5 per cent more when stocks are exhausted some time in February.

The new Volvo 740 GTR range has been selected as "Truck of the Year" by an international jury of technical transport journalists and consultants, it was announced in London yesterday.

The trucks, covering a weight

range from 16 to 36 tons, are designed for a wide variety of work, from waste collection to medium-heavy long-distance runs.

To be eligible for selection vehicles must have come on to the market in the past 18 months.

Jurors in West Germany, Denmark, Belgium, Holland, Sweden, Norway and Britain were asked to take account not only of design, engineering and styling, but serviceability, repair-cost potential, operating cost profile, general in-service support standard and work capacity.

Drop in bankruptcies

FEWER INSOLVENCIES of people and companies were recorded last year. Bankruptcies in the High Court, which deals with about a quarter of all personal insolvencies in England and Wales, totalled 1,678, a drop of 115 on the previous year.

Voluntary liquidations were also down, with 3,820 meetings

of creditors called in England and Wales, a fall of 445 on 1977.

Although the numbers were down, the amounts involved increased. Former property developer William Stern's bankruptcy last year, with debts at £104m, was the biggest in British history.

'Unbelievable' price for Homecentres chain

BY JOHN MOORE

W. H. SMITH, the leading newspaper and bookseller, considers its £12m purchase of home improvement stores is "a good base on which to start a chain."

The company has bought the stores, said to be one of the largest out-of-town do-it-yourself businesses in the UK from LCP Holdings, the construction to motor distribution group.

"It is our intention for it to grow into a major arm of the W. H. Smith business," said Smith. "We are looking for a third leg to our wholesaling and retailing newsagents' activities."

But other companies in the home improvement retail market were musing on the fabulous price that W. H. Smith seemed to be paying for its first entry into the do-it-yourself business.

The stock market was equally surprised by the amount involved. "Unbelievable," and "they've paid through the nose," were characteristic remarks made by stock market professionals yesterday.

Certainly, the Homecentres chain of stores has not exactly been a notable performer among LCP's range of activities. In the last financial year, ending March 31, 1978, Homecentres made trading profits of £472,000, compared with £454,000 in the previous year, on turnover of

£9.79m, against £9.86m.

Moreover, the deal only gives Smith about a 1 per cent share of the d-i-y retail market.

"But Smith must know what it is doing," said one charitable

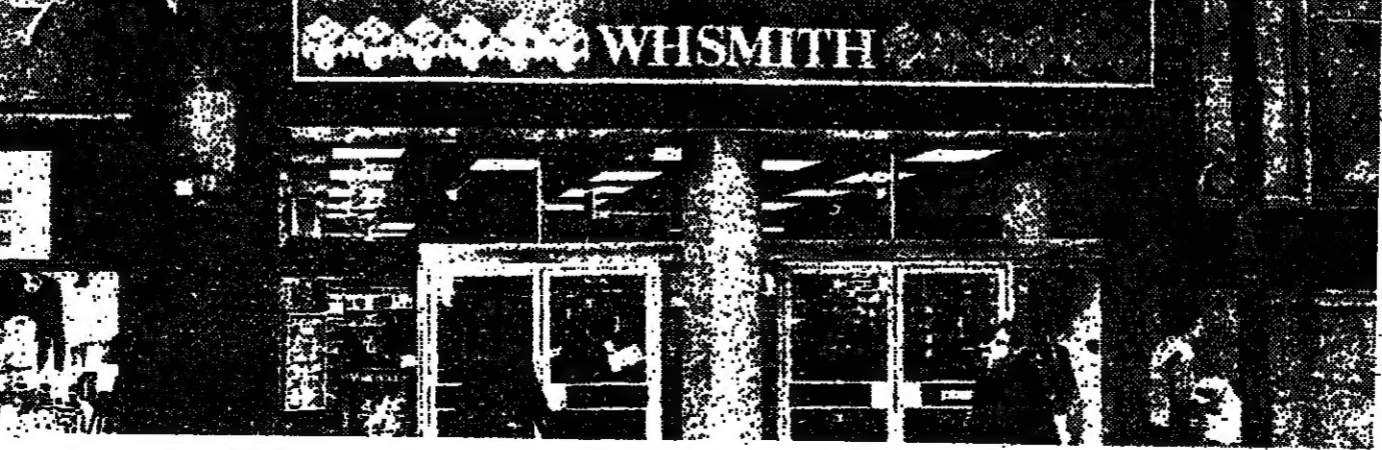
term growth that W. H. Smith has been searching for the last three years or so.

Smith has long realised that its dominance in the wholesale supply of newspapers limited growth. Last

market three years ago, with the acquisition of the "Big N" and "Calypso" groups.

It admitted this week that it was very new to the market (dominated by the well-es-

alongside TV watching and gardening as a popular leisure activity. It is directly related to the decrease in the working week, the increase in home ownership. An accelerating



d-i-y retailer, "after all d-i-y is a growing business."

Smith is acquiring 18 stores, with a total selling area of 440,000 square feet in the Midlands, the North-West and the South-West, including four stores opened in last year. The stores sell a wide range of home improvement, gardening and d-i-y products.

The net assets of Homecentres at last month are estimated at £1.5m, and nine of the properties which are owned, rather than the remainder which are on short leases, have been valued by LCP directors at £3.5m. Taxable profits are estimated by LCP to be not less than £500,000, after providing for rentals of £210,000 on the nine properties to be acquired. It is the prospect of long-

summer, the Monopolies Commission concluded, after a two-year study, that W. H. Smith, John Menzies and Surridge Dawson accounted for more than a quarter of the wholesale market. But it said they were not abusing their monopoly.

On the retail front, Smith has again calculated that, in eight to 10 years its growth will have reached "a mature stage."

With that in mind, it has been looking for markets into which it could lock its well-established skill as a retailer and distributor to build up another profitable chain.

LCP, by contrast, has not had the same motivations as Smith. It has a range of many other activities, all making demands on the company's finances. The company entered into the d-i-y

performed companies such as Home Charm, Mar A. G. Stanley and the UBAI group, and was still learning some of the lessons. But what it had realised was that to develop the market further, it would require more resources than it money and management terms.

"It is the big boys that will do well in the future. Success in this business comes from purchasing muscle, but we do not wish to commit too much of our resources to any one activity."

Whatever the short-term problems of incorporating a new retailing arm into its organisation, Smith looks to have identified a market with good growth potential.

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THE WEEK IN THE MARKETS

Early promise fades

The New Year began encouragingly in the stock market—but the promise did not hold for very long. A little buying interest on Tuesday caught the jitters short and by Thursday morning the FT index had run up 15 points, to over 465, although losses remained at very low levels.

By the end of the week this technical strength was waning in the face of a depressing news background. The road haulage dispute, extending the skirmishes begun by the tanker drivers at the end of 1978, threatened to disrupt trade and brought labour problems back into uncomfortable prominence.

Even when looking their best in the middle of the week equities were not attractive enough to bring institutional buyers into the market in any strength. Gilt-edged had a dreary week. The dollar and the support of high U.S. interest rates and British rates are still vulnerable to upward pressure, while the public sector wage settlements lie ahead. With two taps overhanging the gilt market buyers have little to lose—as for so much of the 1978/79 financial year—by staying on the sidelines and waiting for the thaw.

BP cuts supplies

British Petroleum is currently testing a market axiom—that oil

the more jittery the market will become.

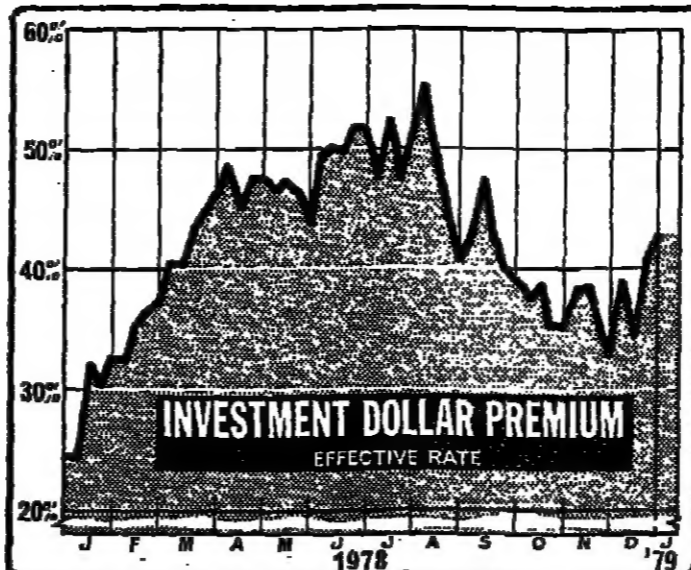
The other British listed oil major in Iran, Shell, has not shown any major share price fluctuations and there does not yet appear to be any switching from Middle East oil stocks to North Sea companies. This is probably partly due to the fact that the Iran-induced tightening of spot crude prices is viewed as temporary. Nor is there any apparent switching, at this stage, to U.S.-based oil majors, to some extent because prospects for the investment premium and the dollar tend to discourage the move.

Norcross bid

Norcross, the engineering, construction and packaging group which owns Hygena furniture, this week announced plans for a £28.5m takeover of Johnson-Richards Tiles.

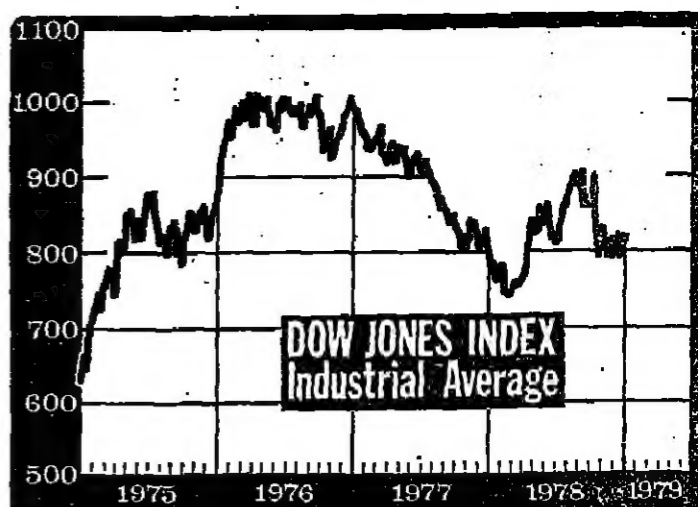
The move comes just seven months after Hepworth Ceramics advanced a similar offer in the face of a Monopolies Commission investigation. The Norcross approach has already been rejected by Johnson-Richards but talks are to take place between the two groups with the possibility that a higher offer may eventually emerge.

A key to any bid, however, will be the reaction of a group of JR shareholders—controlling



Purposeful New Year

APPROPRIATELY FOR this time of year, there has been an air of resolution about the New York Stock Markets this week. The diffident investing which characterised December has been cast aside like an old stockbroker's report and since Tuesday the markets have taken increasingly purposeful strides into the New Year. Market historians are greatly cheered and one who has issued the reminder that market performance during the first five days of a year had since 1950 signposted the full year direction with 85 per cent reliability. Hopeful that the market has started as it means to go on other brokers have cleared their desks in preparation for a rally which some



NEW YORK

JOHN WYLES

think will take the Dow Jones Industrial Average up to the 880's in the next few weeks.

Their confidence stems from the hairy-chested approach increasingly apparent among institutional investors this week. Their cash reserves are at near record levels and by Thursday they were wading aggressively into the market pushing the number of trades of 10,000 shares or more up to 416 and originating more than a dozen trades of 100,000 plus shares. Their targets have been the quality blue chips and glamour stocks such as IBM, which has been kicking higher than \$300 since it recently announced a stock split and increased dividend, John Deere, the agricultural machinery manufacturer, Xerox, Polaroid and others. With the Dow and other market indices selling at close to or less than book value there is clearly some incentive for institutions to start the year with modestly increased stockholdings but there is nothing yet to suggest that they are declaring a brave new dawn which will make 1978 the year of the stock market boom.

The swirling mists of economic uncertainty which surround all in the U.S. argue for such scepticism. Over the past month the chatter among economists has changed somewhat in tone because of the extraordinary strength still evident in the economy despite near record interest rates.

record consumer debt and inflation. The growth rate in the fourth quarter was at least 5 per cent or more and department stores' figures point to record retail sales over the Christmas period.

Housing continues strong, industrial production on a still rising curve and as a result many an economist is altering the timing of his recession forecast for 1979.

The dyed in the wool pessimists are concluding that the economy is too strong and inflation too high for the President's anti-inflation policy to have a

NET PURCHASES OF U.S. EQUITIES (\$m net sales in brackets)			
	First qtr.	Second qtr.	Third qtr.
	1978	1978	1978
Europe	390	860	(195)
Belgium-Lux	(10)	(1)	0
France	54	38	(4)
Germany	13	256	(17)
Netherlands	(26)	7	(6)
Switzerland	(63)	56	(354)
UK	304	503	215
Canada	(48)	(26)	(18)
Asia	338	343	119
Hong Kong	6	61	(41)
Middle East			
oil exporters and others	325	246	95
Total all countries (including Latin America)	670	1,248	(89)

prayer. Interest rates will continue to climb steeply and towards the end of the year business will tumble into an abyss opened up by an economic earthquake measuring about 6 on the Richter scale. The more positive view is that the 5 per cent growth rate will not hold, that a softer landing is in

CLOSING INDICES

Monday closed New Year's Day		
	Close	Change
Tuesday	811.42	+6.41
Wednesday	817.29	+5.87
Thursday	826.14	+8.75
Friday	830.73	+4.59

MARKET HIGHLIGHTS OF THE WEEK

Ind. Ord. Index	Price Y/day	Change on Week	1978/79 High	1978/79 Low	
Avana	83	+6	85	28	Bear squeeze in oversold mkt.
Barclays Bank	378	+18	378	296	Revived speculative demand
Bell (A.)	185	+17	211	140	Favourable Press comment
Bellway	82	+21	83	47	U.S. marketing deal with PepsiCo.
Burmah Oil	90	+8	90	42	Renewed speculative support
Clark (Matthew)	153	+11	168	114	New Year recommendation
De Beers Deft.	402	+11	488	285	Renewed speculative demand
Deitel	150	+16	154	90	Forecast of good 1978 gem sales
Farnell Elect.	408	+18	430	385	Racial stake indices bid hopes
Fodens	48	+7	69	47	Revived demand for electronics
Guthrie	345	+19	400	211	Interim profits setback
Horizon Midlands	138	+11	139	71	Renewed bid speculation
Johnson-Richards Tiles	130	+25	135	79	Holiday bookings increase
L.C.P.	182	+10	170	76	Bid approach from Norcross
Linford	133	+9	176	124	W. H. Smith £12m purchase subid.
Matthews (B.)	180	+9	190	120	After interim results
Rank Org.	244	+16	296	226	Renewed bid speculation
Samuel (H.) A.	200	+12	201	118	Results due January 24
Woodhead (J.)	91	+7	111	84	Interim statement due Monday
					Bid speculation

U.K. INDICES

Average week to	Jan. 5	Dec. 29	Dec. 22
FINANCIAL TIMES			
Govt. Secs.	68.52	68.67	68.57
Fixed Interest	70.28	70.22	70.24
Indust. Ord.	478.6	474.0	477.2
Gold Mines	138.5	142.4	139.1
De (Ex. 5 pm)	97.2	99.6	99.9
Dealings mkt.	3,298	2,225	3,017
FT ACTUARIES			
Capital Gds.	234.24	232.54	233.94
Consumer (Durable)	209.88	208.97	209.13
Cons. (Non-Durable)	209.68	207.79	208.41
Ind. Group	219.43	217.56	218.34
500-Share	243.45	241.82	243.03
Financial Gp.	171.21	169.06	169.07
All-Share	223.37	221.66	222.51
Red. Debs.	54.84	54.81	55.02

The new Abbey Gilt and Fixed Interest Trust.

How to take advantage of higher interest rates now and in the future.

The recent rises in yields to 13½% in some cases, have made Gilt and other Fixed Interest investments look particularly attractive at this time. Not only can these high yields be secured now but there could also be considerable scope for capital appreciation when interest rates fall. The problem for the private investor, as always, is knowing how to take maximum advantage of this potential. And in particular how to ensure that his investment continues to receive constant attention so that similar situations in the future can also be turned to advantage.

To meet this opportunity Abbey have launched a new unit trust, designed both to take advantage of the current attraction of the fixed interest markets and also to add the vital ingredient—investment skill and experience. The Abbey Gilt and Fixed Interest Trust, offers just this kind of investment service.

estimated gross yield will at first be 3½%, and to this nominal yield should be added whatever capital growth the Managers achieve.

Investors should remember that investment in a unit trust should be regarded as long term.

The price of the units and the income from them may go down as well as up.

THE MANAGEMENT OF THE PORTFOLIO

The investments will be managed by Abbey Life Investment Services, an investment team which currently looks after £800 million in different markets, over £150 million of which is in gilts. The portfolio will be actively managed. On occasions the Managers will be prepared to be either fully liquid, or fully invested in the market, according to their current anticipation of forthcoming changes in interest rate levels.

THE ATTRIBUTES OF THE TRUST

Here's why we feel that the private investor can benefit from a holding of units in the Abbey Gilt and Fixed Interest Trust, and in particular why current holders of gilts should consider exchanging their investments for these new units.

* The gilt market is particularly suited to active investor management, sizeable deals being easily transacted at minimal expense.

* When the portfolio is liquid, the monies will be invested immediately and directly into the London money market, where we can obtain attractive rates of interest.

* We have the time and skills to keep closely in touch with market movements and to act quickly whenever we feel an opportunity has arisen.

* The Trust qualifies as a narrower range investment for trustees.

AN OFFER TO ALL PRIVATE INVESTORS

The minimum investment is £1,000 and this can be financed by you either from cash or from your existing investments.

We shall be pleased to send you full details of our advantageous share exchange scheme if you will kindly write, giving particulars of those investments which you might consider exchanging for units, to: P. J. Weatherill, Abbey Life's Share Exchange Department, 1/3 St. Paul's Churchyard, London, EC4M 8AR.

HOW TO INVEST

Units are all of the accumulator type where the accruing income is added into the unit price. A withdrawal facility to provide a half yearly cash income is available for those investors who require it. Please indicate in the coupon below what level of withdrawal plan you would like to take.

The current offer price is 101.10 PER UNIT AND THIS PRICE WILL BE HELD UNTIL JANUARY 10TH 1979. OTHERWISE UNITS WILL BE ALLOCATED AT THE OFFER PRICE RULING ON THE DAY OF RECEIPT OF THE APPLICATION.

To make your investment simply fill in the coupon below and post it with your cheque. Applications will not be acknowledged but you will receive your certificate within six weeks.

Abbey Gilt and Fixed Interest Trust

We hereby apply for ☐ Abbey Gilt and Fixed Interest Trust Units at 101.10 per unit. (Minimum 1000 units).

A remittance of £ is enclosed payable to 'Abbey Unit Trust Managers Limited'.

If regular withdrawals are required, please state annual rate required %

This application is based on local advice received by the investor regarding current tax and interest rates (January 1979).

I declare that I am not a resident of any of the following territories and I am not acquiring the units on the basis of any of the following territories:

Residence

Place of birth

Date

If there are any joint applicants all must sign and attach a separate form for each. The certificate will be prepared from this form.

Abbey Unit Trust Managers Ltd.
10, Abchurch Lane, London EC4N 3DF
Registered in England No. 100494.
The offer is not made to the residents of the Republic of Ireland.

Gold still has that cosy glow

WHILE Europe freezes, a warm sun in South Africa is still being reflected in the firmness of the gold price. Such is the strength of the demand for bullion and the uncertainty still surrounding the U.S. dollar that the market has easily absorbed the recent doubled monthly offerings of 1.5m ozs made by the U.S. Treasury.

This week the other regular monthly auction, that of some 470,000 ozs made by the International Monetary Fund, was also well taken up and the average price for the bids was \$219.34 per oz. Following the news the market price moved up to \$225.625 and yesterday it closed at \$224.875.

Kruggerand sales have also been buoyant. Although they fell in December from the previous month's high level, total sales of the 1 oz gold coins in 1978 reached a record 6m compared with 3.3m in 1977. It is interesting to note that since 1970 as much as 700.5 tonnes of gold have been sold in the form of these coins.

Another major factor in the market for gold has been the sustained length of industrial demand. This owes much to the fact that in terms of strong currencies, such as the Swiss franc and the Deutsche Mark, the price of gold has risen very little over the past two years. The dollar price has come up from \$196 in the same period in reflection of the weakness of that currency.

The combined offerings of U.S. Treasury and IMF gold are now running at an annual rate of some 735 tonnes which compares with South Africa's production of just over 700 tonnes a year. The other major producer of gold is the Soviet Union which sells an estimated 1,000 tonnes a year. Against this, industrial demand is reckoned to have amounted to some 1,200 tonnes in 1978.

Clearly the market is having to absorb a great deal of gold on top of the industrial offtake and if the U.S. Treasury sales continue at the present high level they could begin to exert some downwards pressure on the bullion price. On the other hand, the price has some degree of support in the European Monetary System plans to incorporate part of EEC gold reserves at market related prices.

South Africa's mines derive the full benefit of the high U.S. gold price because the South African rand is tied to the dollar. Mine earnings remain at high levels despite the problem of rising costs. Production is fairly stable and is not likely to be much affected by an oil shortage because power require-

ments are supplied by coal-fired power stations. But the major dampening factor on share prices remains, as ever, the unfathomable political uncertainties. To a large degree these are allowed for in the high dividend yields obtainable, especially to non-UK investors who are not burdened with the investment dollar premium.

For those investors who are prepared to make a small purchase in order to raise the overall dividend yield level of a mixed portfolio Western Hold-

MINING

KENNETH MARSTON

ings should be worth considering with a current cum-premium return of just over 14 per cent and as much as 21 per cent in ex-premium form.

Libanon offers around 13 per cent and 19 per cent in the respective forms while West Driefontein gives 10 per cent and 14 per cent. A lower priced share offering 12 per cent and 18 per cent is Bafloren which is firmly on the rising dividend path.

Better payments are also in store for President Steyn which now offers 7 per cent and 10 per cent while for those who prefer the higher degree of safety afforded by a spread of investments there is the holding company, Gold Fields of South

Africa with current returns of 6 per cent and 9 per cent. Shares of Messina (Transvaal) have improved this week following the chairman's comment that the dividend outlook is more encouraging than a year ago. But he still cannot predict an early resumption of dividends after the disastrous year to last September when losses and write-downs of the industrial interests far outweighed the profit made on the South African and Rhodesian group's traditional copper operations.

Messina's experience may serve as a warning to other mining companies which are tempted into unfamiliar industrial activities when the return on mining capital is low.

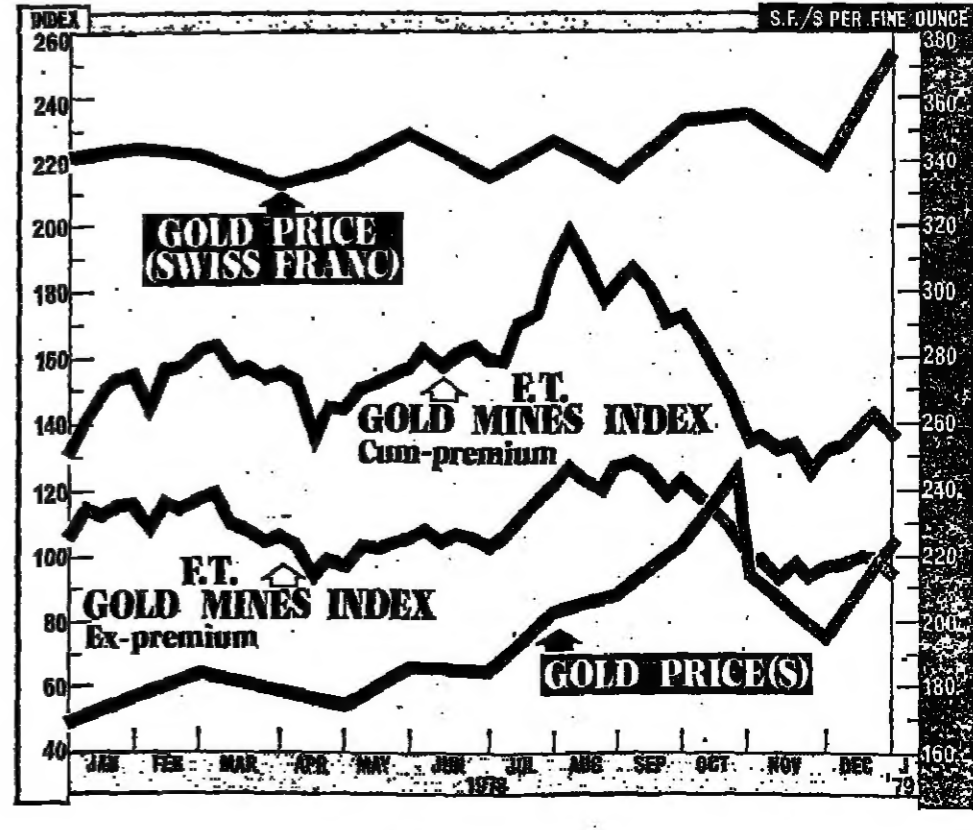
More labour unrest is reported from Namibia (South West Africa). Following the strike of black miners at the Rio Tinto-Zinc group's big Rossing uranium operation, where the men have since returned to work pending negotiations on a new unified pay scale, disputes have erupted at Noroond Mining's tungsten mine near Omururu, South African Iron and Steel Corporation's Usis property and the Tsumeb base-metal mine which is owned by Newmont and Anglo American.

Despite the continued depression in the market for nickel Canada's Falconbridge plans to restore production to 10 per cent at its Sudbury, Ontario, properties. The nickel group's overall operations, which include those in Norway and the Dominican Republic,

are running at about half capacity as a result of the over-supply situation. Falconbridge says that the partial restoration of production is "designed to put the company in a position to meet anticipated requirements of 1980 and subsequent years."

Hopes of a more enlightened tax policy for the Canadian mining industry have risen following a federal-provincial review of resource taxation which has been undertaken by senior ministers. Recommendations include stability and certainty in the tax system; recognition of the cyclical nature of mining; and taxation levels which allow an adequate level of capital investment, growth and development. The proposals "would have considerable influence on the future course of mining in Canada," says Mr. M. A. Upham, president of the Mining Association of Canada.

The Australian shipping, coal and hotel group, R. W. Miller, has left the A\$200m (£112m) Oaky Creek coal mining project in north Queensland only 18 months after buying its 30 per cent stake and two years before the first coal shipment is due to be made. The departure is believed to stem from differences of opinion with the other partner, Houston Oil and Minerals Australia, over the timing of the mine's development. Houston is to acquire Miller's interest for an undisclosed sum but is believed to be seeking a new Australian partner.



YOUR SAVINGS AND INVESTMENTS

Leaders of the investment trust industry talk to Eamonn Fingleton about the outlook for stock markets and pick a share for the year

Eyes down for the 1979 share game

AMERICA is the place for investors this year, judging by the views of the major investment trust houses.

Five leaders of the investment trust industry all enthused in varying degrees this week about the cheapness of shares on Wall Street.

Unabashed by Wall Street's spectacular fall last year—which swept the Dow Jones Index up from 742 to more than 900 before the autumn crash—the experts generally considered

American shares a better bet for 1979 than British ones.

This emerged from a survey I conducted in which the biggest investment trust groups gave their predictions for the world's stock markets in 1979 and chose a share for the year.

Lord Remnant of the Touche, Remnant group and Derek Baer of John Govett were probably the most hopeful about America. Alastair Roger of the Electra House group and Raymond

Johnstone of Murray Johnstone emerged as cautious bulls of the British market. David Stevens of Drayton Montagu and Derek Baer sounded a warning note about the prospects for the British economy, which, they think, is far from out of the woods yet.

The task of choosing a share for the year was bound to cause some soul-searching among men dedicated to the principle of spreading risk. Despite their bullishness about Wall Street, only

one of the team—Derek Baer—chose an American share. Lord Remnant, David Stevens, Alastair Roger chose solid British shares and Raymond Johnstone backed a young high-flyer.

Just to show willing, I am joining the team in offering a hostage to fortune. I have taken the team's Wall Street enthusiasm to heart, so my share of the year is Chase Manhattan. It yields 5 per cent at around £23.

Have a prosperous New Year.



Lord Remnant of the Touche Remnant group. Assets managed: £647m. Biggest trust: Industrial and General (£179m).

Lord Remnant's share of the year, English China Clays at 82p, should benefit from a recent increase in the company's prices. He is expecting the London market generally to show a "modest" rise.

He says: "Shares should improve after the election because people can then get down to making sensible investment decisions."

Among English China Clays' attractions is that it is hoping to cut costs due to a cheaper drying process. And another new process may increase demand for its products in making quality paper.

Of Wall Street, Lord Remnant says: "Opinion is so overwhelmingly pessimistic that it must be right to take the opposite view. By the end of the year President Carter's performance will be seen to be no worse than it has been so far."

He adds: "The Japanese market is high enough."

Alastair Roger of the Electra House group. Assets managed: £380m. Biggest trust: Globe (£268m).

Alastair Roger is expecting the shipping industry's prospects to perk up in 1979 so his share of the year is Trafalgar House at 116p.

He thinks British shares are generally cheap. He says: "We are cautiously optimistic. At current levels, shares are taking account of most of our troubles, even the Persian problem."

"We are expecting a reasonable rise in both London and Wall Street but nothing spectacular. There is so much money around on both sides of the Atlantic. It is bound to find its way into shares sooner or later."

An extra attraction of Trafalgar House, for Mr. Roger, is its enterprising business style.

He adds: "It makes the most of opportunities and it could do well with its newspapers."

Mr. Baer says: "We are keener on Wall Street than London because America's inflation and its high interest rates are fully discounted in Wall Street share prices."

"The British market needs a Tory election victory to make headway. If Labour wins, sterling will fall and it could be 1978 all over again."

He likes Gearhart because it benefits every time OPEC jacks up oil prices. Higher oil prices encourage more exploration and boreholes go deeper.

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"The British market needs a Tory election victory to make headway. If Labour wins, sterling will fall and it could be 1978 all over again."



Derek Baer of the John Govett group. Assets managed: £275m. Biggest trust: Border and Southern (£85m).

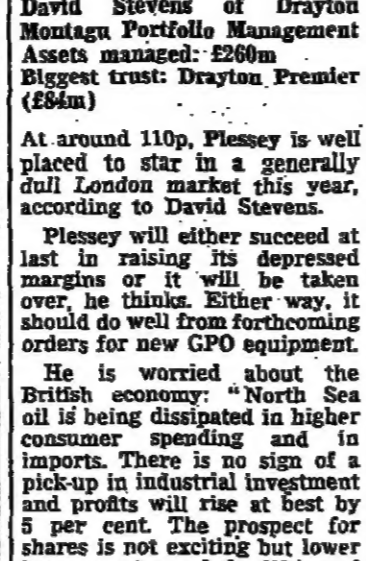
Worried by election uncertainty in Britain, Derek Baer has gone to America for his share of the year, Gearhart-Owen Industries. It is a rapidly expanding company providing equipment and services for oil exploration.

The sector has long been a favourite of the Govett group and Gearhart's shares at around \$36 have quadrupled in two years.

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David Stevens of Drayton Montagu Portfolio Management. Assets managed: £260m. Biggest trust: Drayton Premier (£84m).

At around 110p, Plessey is well placed to star in a generally dull London market this year, according to David Stevens.

Plessey will either succeed at last in raising its depressed margins or it will be taken over, he thinks. Either way, it should do well from forthcoming orders for new GPO equipment.

He is worried about the British economy. "North Sea oil is being dissipated in higher consumer spending and in imports. There is no sign of a pick-up in industrial investment and profits will rise at best by 5 per cent. The prospect for shares is not exciting but lower interest rates and the lifting of election uncertainty may help later in the year."

Though he does not expect the Dow-Jones Index to rise much, he sees many outstandingly cheap shares in America.

Investors will, however, make money in fast-growing Japan and to a lesser extent in Hong Kong.



Raymond Johnstone of Murray Johnstone. Assets managed: £242m. Biggest trust: Scottish Western (£77m).

Raymond Johnstone is bullish about Britain.

He says: "The pound has been holding up strongly and in spite of this our industry is very competitive and is well-placed to increase exports."

"The caveat is that inflation is in danger of getting out of control again. The size of the BBC pay settlement, for instance, seemed high given that broadcasting is hardly an essential industry."

His share for the year is the recently launched Eurotherm at around 192p. It makes and services vital control equipment for chemical plants.

He says: "It is on a high PE but it is just the sort of share we like: it has a new product in an expanding market."

Wall Street will at some stage put in a terrific performance—but not yet, he adds.

Who's who in the winners' enclosure

UNIT TRUSTS

EAMONN FINGLETON

IT IS a commonplace in the unit trust world that you make more money backing last year's worst performers than last year's winners.

If you followed this principle slavishly you might end up with a pretty hairy portfolio—one or two notorious funds have in the past managed to end up in the dunce's corner more years than they have been out of it.

But you could hardly find a better example of the principle's cynical wisdom than in the 1978 unit trust performance figures issued this week by Planned Savings magazine. No less than six Far Eastern funds which figured in the worst 20 performers of 1977 were in the top 10 of 1978.

The outright winner in 1978, GT's Japan and General, which has achieved a fabulous 66 per cent gain in the last year, was fourth from the bottom of a league table of 340 trusts in 1977. And Antony Gibbs Far East, which plummeted 26 per cent to end right at the bottom of the table in 1977, was placed just outside the latest top 20 with a growth of 27 per cent in 1978.

Meanwhile, only one of the top 20 of 1977—London Wall Special Situations—managed to repeat the trick in 1978: it was placed 20th in 1977 and 19th last year.

The message from this exercise is: shares that have shown a big rise have less scope for further growth than shares on their uppers have of recovery. This is so blindingly obvious that it would amount to tautology were it not for the way that so often it is ignored by investors anxious to jump on any handwagon that—for the moment, anyway—is moving in the right direction. How many investors piling into Far Eastern funds—which currently are among the industry's best sellers—stop to think of the risks they incur in investing in shares which after a year of boom are now on price-earnings

ratios of 20 plus?

Most of the major groups shared in the glory in the latest table, which is for the year to last Monday. Only Britannia among the big five groups was left out: its best performer International Growth was in at number 34. Among the ten biggest groups, Henderson emerged with the best overall performance: if you invested £1,000 in each of its funds last January you would now be sitting on an average gain of £254.

The group's European fund came second in the entire field of 340 trusts and three other Henderson trusts figured in the top 20.

M and G also had four trusts in the top 20. The average gain from £1,000 invested in each of its funds was £186.

Among the small groups, Framlington, which was the star of the 1977 tables, was at the top again. None of its funds made the top 20 in 1978—had two in the top five in 1977—but its average gain on £1,000 invested was an impressive £205. The GT group was well-placed with an average gain of £188.

It would be too soon to say that Henderson has overtaken M and G in the group performance league—because the latest figures must be put in the context of previous years.

ALL CHANGE IN THE UNIT TRUST LEAGUE

Many of 1977's losers were 1978's winners. Most of 1977's winners turned in a mediocre performance in 1978. Here are the results you would have achieved over one year with an investment of £1,000, income re-invested.

1977	1978	1977	1978
BEST PERFORMERS		WORST PERFORMERS	
M & G Recovery	2,173	A Hambro International	912
A Hambro Smaller Cos.	2,110	M & G American	911
Perpetual Group Growth	2,018	A Hambro Pacific	905
Framlington Capital	1,971	A Hambro Special Situations	894
Framlington Income	1,947	A Hambro Special Situations	892
Discretionary	1,872	Target International	892
A Hambro 2nd Smaller Cos	1,848	GT Japan & G	882
Anderson	1,803	Grieverson Grantchester	867
Oceanic Performance	1,772	New Court International	854
Piccadilly Small Cos	1,746	Henderson Far Eastern	850
M & G High Income	1,741	Gartmore Far Eastern	848
Norwich Union Trust	1,751	Midland American	848
M & G Growth & G	1,744	Midland Drayton Intl.	843
Antony Gibbs Growth	1,741	Trident International	841
Britannia Property	1,738	Henderson North American	840
A Hambro Recovery	1,738	S & P US Growth	838
M & G Special	1,724	Sardary America	827
Key Small Cos	1,723	S & P Japan	800
Britannia Status C	1,712	M & G Japan	799
London Wall Special S	1,712	Antony Gibbs Far East	741
BEST PERFORMERS		WORST PERFORMERS	
GT Japan & G	1,661	Oceanic IT	988
Henderson European	1,531	Arbuthnot Glants	985
Henderson Far Eastern	1,485	Britannia International	983
Gartmore Far Eastern	1,484	Britannia N American	983
M & G Japan	1,482	T & G Cumberland	983
Grieverson Endeavour	1,454	Ulster Growth	978
A Hambro Pacific	1,412	Chiefman American	977
GT International	1,387	NEL Nelsar	972
S & P Japan	1,365	Antony Gibbs Private	972
Schlesinger Special S	1,347	Antony Gibbs E Income	970
M & G Conv. Income	1,347	Oceanic Index	968
M & G Far Eastern	1,335	Britannia Gold & G	959
Henderson International	1,327	Antony Gibbs Int.	952
Henderson Australian	1,321	Target Gilt	951
Key Small Cos	1,320	Antony Gibbs American	949
Cabot	1,318	Target Pacific	940
Barclays Australia	1,291	Antony Gibbs Capital	924
M & G Conv. Growth	1,275	GT US & G	908
London Wall Special S	1,275	Crescent American	868
Antony Gibbs Far East	1,274		

Figures supplied by Planned Savings

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Endowment policies have always been regarded as the saver's most reliable defence against inflation. At the start of a new bonus declaration season, Eric Short shows that even the best policies maturing now fail the inflation test

Negative return policies

INVESTORS have lost out on their with-profit life policies. Even after taking account of tax relief on the premiums most with-profit policies maturing now today show a negative return in real terms.

Even with the higher bonuses now being declared for 1978, my conclusion is that people with policies maturing this year will be lucky to get a pay-out worth 80 per cent of the real value of the premiums they paid.

For my investigation, I looked at a 15-year policy with the Equitable Life taken out by a man aged 30 paying £100 a year in premiums. He would have received a cheque for £2,890.38 as the maturity value.

On the face of it that is a reasonable return for his outlay of £1,500 gross and even better on his total net payments of £1,257.62. But it is a different picture if one reassesses the value of the premiums paid and the maturity value in terms of 1964 money.

Since we will not know the January value of the Retail Price Index until next month, it is impossible to be precise in this exercise. But we have assumed that it is 84 per cent up on the value for January 1978, that is 205.6. The equivalent value of the RPI for January 1964 is 54.6. Thus the maturity value expressed in 1964 terms is £767.58.

But one has to remember that the real cost of paying the premium has also declined with inflation. The gross value has dropped from £100 in 1964 to £28.51 in 1978, the date of the final payment, while in net terms it has fallen from £84.68 to £23.12. The total gross premiums paid in 1964 values is £1,015.99 and in net terms £852.61.

The investor has lost out. If one does the discounted cash flow calculations on the net

premiums it represents a negative return of about 1.1 per cent per annum.

This example has investigated the return from one of the best performers in the with-profit field. Think what the figures would be for, say, an industrial branch policy with a home service company.

Who is to blame for this disappointing performance? The chief bugbear is the near hyperinflation in the period 1973 to 1977 and the blame must fall on the governments of the day. Inflation is a form of taxation on which no one has a vote. The sufferers are invariably the savers of the country. A former president of the Faculty of Actuaries, Mr. Maxwell Thornton, in his presidential address in 1975, bitterly criticised the actions of the Government in allowing the value of savings to be eroded like this.

But are the life companies themselves completely blameless? They point out that other forms of savings have fared far worse. This is true, but it is hardly a complete defence.

Actuaries should be asking themselves whether they could have paid a higher rate of bonus to offset the effects of inflation. Higher rates of inflation are usually accompanied by higher yields on investments, though these periods of very high inflation also saw negative returns on investments. The actuaries' first task is to ensure that the life fund can meet its contractual obligations. Then it is to

decide how much profit on the life funds can be paid over to policyholders in the form of bonuses.

Caution is needed during the lifetime of a policy. But when a claim arises, any additional reserves held against that contract are no longer required and could be returned to the policyholder as a terminal or claims bonus. There is still a lot for the actuaries to consider in deciding his rates of bonus and ensuring fairness between different generations of policyholders.

A new scheme launched by Scottish Amicable allows endowment policyholders to leave their pay-out with the company while they decide what to do with the money. Apparently many investors simply do not know what to do with the maturity value they have spent years saving towards. Scottish Amicable quotes the case recently of one of its policyholders receiving three cheques for £30,000 each asking the company what he could do with the money.

Many investors leave the money in the bank, usually earning low interest rates. Some more enlightened investors put it in a building society. Leaving it with Scottish Amicable should enable investors paying higher rates of tax to get a better return. The rate they will get will be comparable to what they would get on a town-hall investment and the only tax deducted will be at the special insurance company rate of 37½ per cent. The investor will be able to get his money at a moment's notice. Scottish Amicable has this option on its flexible endowment, but otherwise it is not an option universally available from life companies.

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Reports and accounts

FINANCE AND THE FAMILY

Not a golden handshake

BY OUR LEGAL STAFF

I have been a director of a small private (close) company for over 40 years and plan to retire at the end of March 1979 (aged 70).

A "golden handshake" has been mooted but I understand there is a restriction on a director owning 20 per cent or over of the issued share capital in a company.

My own holding is less than 20 per cent but with my wife's over 20 per cent. The rest of the shares are owned by my sons or my brother's sons.

Would my wife's shares count in this matter? You will probably recall Mr. David Wainman's 1,400-word article on the tax pitfalls of golden handshakes, which was published in the Financial Times on Saturday, February 19, 1977.

Unfortunately, your fellow directors do not seem to have read it—or at least they do not appear to have paid heed to the strong warning against golden handshakes being mooted while the prospective recipient is still on the company payroll.

An ex-gratia payment must be made after the employment has ceased, not before and it is also essential that at the date of cessation there should be no agreement or understanding that a payment will subsequently be made. Do not imagine that nods or winks are permissible.

From what you say, it looks as though the proposed payment will be fully caught by the schedule E net (without benefit of the £10,000 exemption or top-slicing relief) and as though the company may have great difficulty in persuading the Commissioners that it was made for the purposes of the company's trade—and hence that it should be deducted for corporation tax purposes—ignoring the question of whether it may be regarded as a distribution to a participant.

The Board would be wise to seek the advice of the company's auditors (or other tax advisers) without your or your wife being privy to the discussions. The members of your family will doubtless bear in mind the CIT angle as well.

Repairs under a lease

I am one of 14 tenants in a block of flats built in 1973 and subsequently conveyed to the X Trust. Various facts and discrepancies with the plans have become evident, but the Trust does not accept liability. I enclose a copy of the lease, which suggests it is their responsibility. Who can we expect to finance a repair of the structural faults? Can the National Homebuilders' Council escape liability by pleading, as they have done, a unique situation?

The lease contains covenants by the tenant to repair the main structure but at the cost of the lessee's contributions to maintenance. You can therefore call on the lessor to carry out structural repairs, but you would have to bear your proportion of their cost. If however what is sought is a defect in structural design rather than a matter of want of repair, you may be unable to establish a claim against the lessor.

nor, but one may exist against the builder (or even architect) to the extent that any of the building work in question was done after 1 January 1974, when the Defective Premises Act 1972 came into operation. You would be wise to consult a solicitor, possibly after getting other tenants to contribute towards the fee. At least any claim which you can prefer against the trustees who are apparently now the lessors will be effective against them as individuals and their personal liability might encourage them to take some steps to remedy the defects. We know of no basis on which the National Homebuilders' Council can opt out of the provisions of their guarantee on the footing that the situation is novel or unique.

The object of the advice to allow an interval was to avoid an argument that there was a single letting, artificially divided into separate periods. We agree that it would be possible under Case 10B (now Case 13 of the Rent Act 1977) to have several out-of-season lettings totalling just short of 20 months from the end of the last holiday letting. However, in practice the economics of holiday lettings make this unlikely.

We think that a freeholder would not fulfil the requirement of occupation under a right to occupy for a holiday; his right is the paramount right of ownership.

Gains on shares and unit trusts

Could you advise me what is the ruling relating to Capital Gains Tax, for this fiscal year 1978-79, if shares and unit trusts units are disposed of, as opposed to only unit-trust units.

An example of the 1978-79 capital gains tax rules (where both unit-trust units and ordinary shares are disposed of) was published in the Business Problems column on Wednesday, August 9, but perhaps you missed it.

It would have been easier to give you a straightforward answer if you had given us an idea of the size of the gains you have in mind—particularly if the total is likely to exceed £2,500—but we hope that this brief outline will help you to understand the complex legislation.

(i) First add up the chargeable gains on the qualifying units.

(ii) Then add up the chargeable gains on the shares.

(iii) Add the two totals together.

(iv) Calculate tax on the combined total at the following rates (and add up the tax): zero on the first £1,000, 15 per cent on the next £4,000, 50 per cent on the next £4,500, 30 per cent on the rest.

(v) From this tax total deduct 17 per cent of the first total figure you calculated (17 per cent of the unit-trust gains).

(vi) What is left is your 1978-79 capital gains tax liability, which is due to be settled on July 6; if the answer is a minus figure, it simply means you have no tax to pay.

If you have any allowable losses or if any of the unit-trust shares are partly qualifying (under subsections 5 to 10 of section 113 of the Finance Act 1972), the rules are more complicated. You may like to give us some figures to work from, if you need any further help.

A fresh holiday lease

Under the heading of "A fresh holiday lease" in your issue November 4, you advise that one should have an interval between each letting even when they both are well within the limit of eight months. Why do you say this?

I had understood that case 10B in the 1974 Act was intended to allow letting outside the holiday period (for which there seems to be no limit).

for a tenancy of up to eight months provided the premises had been used as for a holiday within the 12 months preceding the commencement date of (or date of signing?) the out-of-season lease.

Does an owner, freeholder or leaseholder, qualify as having "a right to occupy" the premises for a holiday—as his tenant or a friend obviously would?

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Dealing with chain letters

A friend of mine has been lumbered with a chain letter by a girl acquaintance which involves putting two lots of £8 in the post to other people. Can you confirm that chain letters are illegal in this country?

Capital gains tax assessment

I own shares in an American company currently being taken over for cash by another American company. Presumably I shall then hold premium-worthily dollars. I understand that any gains become liable for Capital Gains Tax when they are received in the UK. What is the position regarding CGT if the funds are (a) directly relayed by an American stockbroker in American shares, (b) left in an American bank account (authorised by the Bank of England)?

If you are domiciled in England and Wales (or in Scotland or in Northern Ireland), then the answer is:

(a) You will be chargeable to CGT for 1978-79 by reference to the excess of the market value of the premium-worthily proceeds (as at the date on which the takeover bid was declared unconditional, if that is later than the date of your acceptance) over the cost of the shares in sterling;

(b) Withdrawals from the U.S. bank account will give rise to CGT liabilities, or allowable losses, by virtue of paragraph 11A(1) of schedule 7 to the Finance Act 1965 (which was inserted retrospectively by the Finance Act 1968).

On the other hand, if (as perhaps you are implying) you are domiciled in a country or state outside the UK, the position will be:

(a) Any CGT charge will be postponed indefinitely, but a double charge might arise if the proceeds of sale of the new shares were eventually received in the UK, by virtue of sections 20(7) and 45(8) of the Finance Act 1965; any loss will not be allowable;

(b) Withdrawals from the U.S. bank account will give rise to chargeable gains or allowable losses in the same way as if you were domiciled in England and Wales (because section 43(3)(c) of the Finance Act 1965 deems the U.S. bank account to be in the UK), but by concession any such gains will probably be treated as covered by section 20(7) so as to be eligible for assessment, on the remittance basis only; losses will be allowable.

appeal since these versions were not otherwise available in proof condition. The proof year sets have continued to the present time and the latest, with coins dated 1978, is now available at £7.25, including postage and packing, from the Royal Mint Numismatic Bureau, PO Box 7, Llantrisant, Pontypridd, Mid Glamorgan, CF8 9TX.

Apart from the UK, the Royal Mint currently strikes coins for many Commonwealth and foreign countries. In addition to the normal circulating versions in base metal, however, special collector versions are also produced, either in silver instead of cupro-nickel, or proof mintages in base metal. Cashings in on the popularity of crown and half crown commemorative coins, the Royal Mint has built up an impressive series of hand-some silver pieces from a wide variety of countries and there are now available to collectors.

The silver proof coins of the British crown include the Botswana 5 pula and the Gambian 10 dalasis, both celebrating 10 years of independence, the Malawi 10 kwacha for the 10th anniversary of the Reserve Bank, and the Sierra Leone 1 leone marking the same anniversary of its national bank. The Guernsey crown celebrating the Royal Visit last summer, the 5 dollar of Tuvalu marking the grant of independence and Brunei's 10 dollars celebrating that country's first issue of its own currency. The Royal Mint includes in this series three larger (38.81mm) silver coins struck for Morocco to celebrate the anniversary of independence, the historic Green March and International Women's Year. These silver proof crowns vary in price from £8.70 (The Gambia and Sierra Leone) to £16.20 (Morocco) and full details may be obtained from the Numismatic Bureau.

The latest and most ambitious project from the Royal Mint is their "Coins of the World" series. This consists of proof versions of the base metal coinage struck at the Mint for a number of countries. These sets are strictly limited to only 20,000 of each country. So far sets have been produced for Bahrain, Botswana, the Falkland Islands, The Gambia, Morocco, Mauritius, Sri Lanka, Swaziland, Tuvalu, the Yemen Arab Republic and Zambia. They range from £9.25 for the Falklands set to £16.20 for the Bahrain set, depending on the size and number of coins in each set. Though base metal coins do not have the same appeal as those in precious metal, the proof quality of the striking and the comparatively low mintages make this series an attractive proposition. Collectors still have a chance to get in at the beginning of what looks like developing into a most interesting and varied collection.

ALTHOUGH the Royal Mint has been producing coins for many countries all round the world for well over a century, it is only within relatively recent years that the Mint has consciously catered to the collector market. The turning point came in 1970 with the decimalisation of British coinage. It was decided to pay a farewell tribute to £sd coinage by minting sets of eight coins from the halfpenny to the halfcrown. The smallest and largest denominations in the set had been demonetised in 1969 and thus the examples dated 1970 were not legal tender. The sets were struck with polished dies on specially prepared blanks with a high mirror finish and these proofs were mounted in welded plastic cases. They retailed for under £4 in 1970 and were extremely popular at the time. Today they have a market value around £15.

The Royal Mint followed up this success by issuing proof sets of coins dated 1971, containing one of each denomination in the decimal series from 1p to 50p. These proofs came hard on the heels of the specimen sets of uncirculated coins and did not have the special appeal of the £sd set with its "rare date" halfpenny and halfcrown. Both £sd and New Pence sets, however, ranked among the more popular tourist souvenirs of the early 1970s. Although many other countries regularly issue proof sets of their coinage each year the Royal Mint let the idea fallow until 1976 when it was decided to offer sets retrospectively.

Doubtless it was remembered that the £sd series of 1970 had attracted attention because of the halfpenny and halfcrown bearing dates outside their period of currency. Not all denominations in the New Pence series were struck each year, so it was impossible to form complete year sets from 1972 onwards. The answer to this problem was to strike proof versions for each year, including "the coins that never were." The sets were marketed at a reasonable price but the somewhat curious nature of the issue, often several years after the date when they were supposedly issued, has tended to militate against their popularity. Nevertheless, as a long-term prospect, these proof sets are as attractive as any other cashed year sets now on the market. Moreover, the sets dated 1972 and 1977 contain proof versions of the cupro-nickel crowns commemorating the Royal Silver Wedding and the Silver Jubilee and this undoubtedly enhances their

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

money. Now, please, do I stand legally? If you have a writ or a County Court plaint served on you, you should undoubtedly consult a solicitor; as you may find it necessary to join the dealer in the proceedings. If you made it clear to the buyer that you were not a motor dealer but simply a private owner it may be possible to demonstrate that terms in the Order Form which apply to a sale by a dealer are not applicable; but much will depend on the precise nature of the buyer's complaint and the terms of any warranty in the printed document which the buyer seeks to rely on. Your legal position cannot be accurately assessed until these are known.

Can you tell me please if normal contributions and additional voluntary contributions to an employer's superannuation fund count as premiums to be included in the one-sixth?

Contributions to an approved superannuation scheme (which qualify for full tax relief) are deducted in arriving at the "total income" figure upon which the one-sixth limit is based; they are not themselves subject to the one-sixth limit. "Total income" is defined for this purpose in section 84 (3) of the Finance Act 1972, read in conjunction with section 528 of the Income and Corporation Taxes Act 1970.

For future years, the one-sixth limit will only apply if your "total income" exceeds £9,000, because of paragraph 21 (2) of schedule 4 to the Finance Act 1978.

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We are not aware of any express proscription of chain letters; so that they are not illegal in the sense that their authors or participants commit any offence in sending them. However, a recipient of such a letter is under no obligation whatsoever to take any part in them. If, as your query suggests, money has been received with the letter, the recipient can return it, if the sender or payer is identifiable, or else would be wise to place the money in a deposit account so that it may be returned if and when the sender identifies himself or herself.

Can you tell me please if normal contributions and additional voluntary contributions to an employer's superannuation fund count as premiums to be included in the one-sixth?

Contributions to an approved superannuation scheme (which qualify for full tax relief) are deducted in arriving at the "total income" figure upon which the one-sixth limit is based; they are not themselves subject to the one-sixth limit. "Total income" is defined for this purpose in section 84 (3) of the Finance Act 1972, read in conjunction with section 528 of the Income and Corporation Taxes Act 1970.

For future years, the one-sixth limit will only apply if your "total income" exceeds £9,000, because of paragraph 21 (2) of schedule 4 to the Finance Act 1978.

It would have been easier for you to give me a helpful answer if you had given us more facts and figures on the particular case you have in mind.

Will you please let me know the precise wording of a letter to make the husband and wife owning a house, tenants in common?

"I hereby give you notice severing our joint tenancy in equity in the property known as ... and henceforth the said property is to be held by us as tenants in common in equity in (equal) shares."

A friend of mine has been lumbered with a chain letter by a girl acquaintance which involves putting two lots of £8 in the post to other people. Can you confirm that chain letters are illegal in this country?

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MOTORING

Soviet work horse

BY STUART MARSHALL

THE PROBLEM, though uncommon, is far from unique. You have a weekend cottage, out in the wilds and approached by a couple of miles of unmade road. In winter, the council's snowplough ignores it and the farmer's milking herd tramples it into a morass which bogs down a normal car. In summer, deep tractor ruts and potholes create conditions that spell instant death to an exhaust system.

Most weekends you go there. Journey is close to 100 miles from town, so you need a car that provides reasonably civilised and not too noisy travel on the road yet can take the rough stuff in its stride. A Range Rover would, of course, be ideal. But, having bought the cottage, you would not have the £10,000 to spare even if you were lucky enough to find a new Range Rover on offer.

That is the problem. An answer is called the Lada Niva and I have been driving one for the last fortnight. It comes from the Soviet Union, where they know all about bad roads. The Niva is not perfect by a long way, but it is the first Comecon car I can see people buying because it meets their exact needs, as a cheap substitute for something they would prefer but cannot afford.

The Niva is smaller than a short wheelbase Land Rover and is at least as mobile across really rough country. On and off the road it has much of the comfort, though nothing like the performance, of the Range Rover. It is not a small cross-country lorry with seats (the Land Rover) nor a four-wheel drive station wagon (the Range Rover). The Niva is a three-door, five-seat hatchback and is meant to carry people, not milk, cheese, and straw, bagged.

Though it has reasonable luggage space which can be considerably extended by folding down the rear seat, it is ill suited to load carrying because the sill is far too high. The family Labrador needed persuading to jump into the boot, especially after one of her legs had slipped between bumper and body. She preferred to lay on the rubber mat in front.



The Lada Niva: a Soviet-made five-seat hatchback that keeps on going when the rest have stopped. It has eight gears and four-wheel drive.

where the heater's blast turned her from dripping to dry in less than 30 minutes.

Having driven the Niva last summer on a tank testing ground and been very impressed by the way it wallowed in mud and climbed precipitous slopes, I was mainly concerned this time with its role as a road-going car. The weather decided otherwise. Last weekend the Niva was invaluable. It saved a New Year's Eve party from cancellation because I fetched and returned guests over Sussex lanes that were impassable to cars. The Niva charged through deep snow—even the occasional waist-high drift—without a moment's fear of getting stuck. And on New Year's Day it towed a car with a burst radiator five miles over snow and slush covered roads to a garage.

The 1.6-litre engine is the same as that of the Lada 1600. It spins freely, but needs more power low down. You have to change down early on hills and keep your foot hard down because it does not pull at all well under 2,000 rpm. I would not recommend the Niva for towing a large caravan or horsebox because its lack of power would be embarrassing. What really wants is a larger engine with considerably more torque at low revolutions.

Its four-speed gearbox is also

from the Lada car; an auxiliary box grafted on gives a total of eight forward and two reverse gears. The difference between the low and high sets of ratios is nothing like so great as it is in Land Rover or Range Rover but you have to stop to shift from one range to another. There is a lockable third differential for really severe conditions but, even on the tank testing ground, I never needed it.

The front suspension is independent; the rigid rear axle again comes from the Lada car. Big and fairly soft coil springs all round give the Niva a better ride than any on-off road machine I have driven, barring the magnificent Range Rover. The steering, though heavy for parking, is pleasant on the move. The brakes are powerfully servo-assisted and the clutch is smooth. When accelerating, there is some vibration in the transmission, but above 25-30 mph it is agreeably quiet and mechanically refined for a cross-country car.

On the highway, it cruises best at 80 mph and, driven with reasonable restraint, will show 23 mpg. If you cruise at 70 mph, the average fuel consumption rises to near 20 mpg.

Because the engine gets in the way, it has not been possible so far to convert the Niva to right-hand drive for Britain.

Frankly, I think it hardly matters. The view all round is so good that within five minutes of taking the car over in the West End of London, I had forgotten all about sitting on the wrong side. In the country, it can be a positive advantage to be close to the ditch; that is why all heavy lorries in Italy have right-hand steering, by law.

The plastic upholstered front seats tip to let people get into the back, where headroom is adequate but legroom less than generous. Even so, it will carry five adults without too much squashing.

The Niva has all the little knacks one expects of Eastern Block imports—warning lights for low fuel, choke and handbrake, twin courtesy lights, cigarette lighter and reversing lights. It started perfectly in bitter cold but turned maulish when a rise in temperature caused under-bonnet condensation. The driving door seals let in the rain and lifting the tailgate in wet weather allows water to pour into the boot. It deserves better headlamps.

At £4,088 on the road, the Niva is cheaper than a Land Rover, less than half the price of a Range Rover and by any standards, an astonishing bargain. It is not an exact substitute for these admirable machines but could suit some buyers better than either of them.

GOLF

Seeking the sun to find a game

BY BEN WRIGHT

WHEN EVEN the golf-crazed members of Oxford and Cambridge Golf Society are forced to call off their annual competition for the President's Putter at Rye without a ball having been struck in anger, as happened this week for the first time in the tournament's distinguished and lunatic 59-year history, one realises probably how little golf will be played in these islands in the foreseeable future. Perhaps I should qualify that gloomy forecast with the rider that in using the word lunatic I imply much affection for such a yearly reunion, remarkable both for the quality of the golf played in conditions that would strike fear into the heart of a polar bear and for the consumption of warming beverages imbibed by the Society's members both to fortify them to the fray, and then help them to recover from their ordeals.

When golf is generally played again here, the vast percentage of it will start from temporary tees including those ghastly mats, and continue to makeshift greens that make putting a travesty. It would require a sizeable bribe to drag me out to play in such ridiculous circumstances.

And what makes them so contemptible is that many of the world's leading agronomists regularly assure me that such desperate measures are quite unnecessary, good grass being the hardy stuff that it verily thrives on hard wear. One always assumes that such use is tempered by a measure of common sense.

The really keen golfer has to travel abroad to find sunshine in winter weekdays if he is either to retain his swing, improve it, or truly enjoy the game.

And the opportunities to do so comparatively cheaply offered by several reputable travel agencies make it astonishing to me that more clubs, societies and groups do not make up parties at this time of the year, particularly since generous discounts are usually offered to larger numbers of travellers.

Easily the best organised trips and value for money close to home in Europe are the six Pro-AMS offered on Portugal's Algarve coast by the London-based firm, Longshot Golf, starting next week at the best course of all there, Quinta do Lago. There is £21,000 in prizes at

stake and Christy O'Connor Sr made quite a killing there recently as did the young Yorkshire professional, Gordon Brand. In my experience, the prices in Portugal are still the most reasonable in Western Europe.

There are those, however, who favour Spain's Costa del Sol, if only for the profusion of new courses and nightclubs springing up there with seemingly endless regularity.

The Spanish Open returns to the Costa del Sol for the first time in nine years in April to the newest course on the coast, Torrevieja. I have yet to visit this brainchild of the great Spanish golfer, Pepe Gancedo, six times winner of his country's amateur title. But the photographs I have seen of it are stunning. By modern championship standards, it is short at 5,580 metres, but it is set in the rolling coastal foothills of the Sierra Mijas between the well-known resorts of Torremolinos and Fuengirola.

Short though it may be, if, as an amateur mathematician like myself, you add 10 per cent to the total to convert to yards and make it approximately 6,500. But when playing at the peak of his form in the Spanish under-25 Professional Championship last year, the winner Sevy Ballesteros, despite one brilliant round, during which he recorded one eagle and six birdies, the European No. 1 finished the event 2 over par.

Ballesteros explained that by local standards, the fairways are extremely narrow, but the grass is outstanding enough in quality to allow him to have used a driver off it, as he did when fashioning that eagle three at the long 14th. Most of the other problems posed on greens that in addition to being lightning fast, undulate considerably and are pronouncedly grainy.

Those who prefer Southern Spain for golfing holidays may prefer Portugal's Algarve for its larger variety of the greater variety of night life. Certainly the Torrevieja development does not intend to lag behind in this department. An hotel and casino will open in conjunction with the Spanish Open, the casino being the largest in Europe and third largest in the world. At present no less than 500 crocheters are in intensive training to prepare for the opening.

While still on the Iberian peninsula I personally favour Estoril for its sophisticated charm, while Sotogrande is my favourite complex in Southern Spain. The two new courses on Majorca are unknown to me but reports of both are excellent while La Manga on the mainland's Costa Blanca has such great facilities, it is a happy hunting ground for the really serious sportsman. Sardinia boasts the jewel of the Mediterranean in Pevero on the Costa Smeralda, but your reactions there had better be really fast.

Carved out of barren rock, and as such a work of engineering genius, perpetrated by Robert Trent Jones Sr., the golf ball comes back at you awfully quickly on occasions if you stray from the lush fairways.

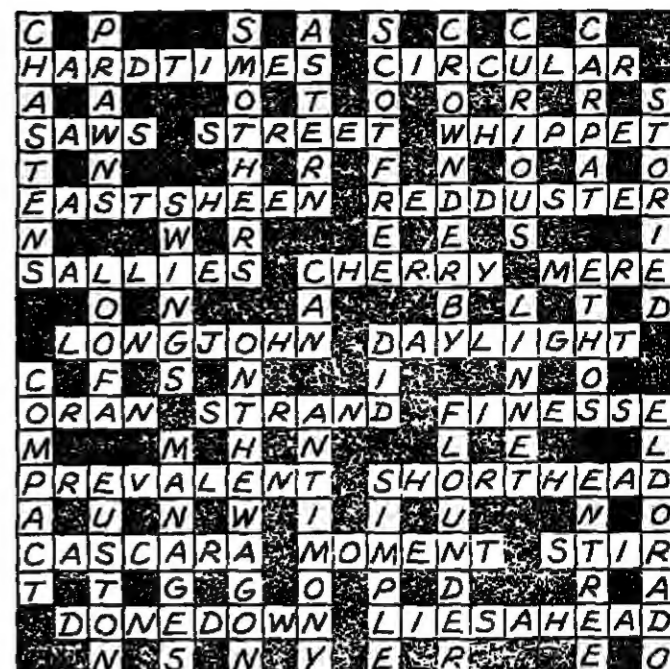
These are all resorts on the beaten track. But it often surprises me how unimaginative

are most travel agents in planning new golf holidays further afield. The U.S. is simply asking to be exploited as value for money, while the winter Proms at Mount Irvine Bay Hotel, Tobago, in the West Indies, would also be a must on anyone's shopping list.

But it occurred to me in Australia recently that this Continent is gradually being ignored. It has a wealth of superb golf courses, particularly on Melbourne's famous Sand Bar. And in Sydney, the New South Wales Club at La Perouse to the north of Botany Bay perhaps offers the best cliff-top views of the Pacific Ocean of all. How I would like to have been able to purchase an Australian passage golf holiday with free tickets to the current series of Test cricket matches thrown in. But I never read of such an article being on offer.

WINNERS OF CHRISTMAS

CROSSWORD



The following are the winners of the Christmas prize crossword puzzle and they each receive a prize of £10:
Mr. J. Evans, 78 Denham Avenue, Llanelli, Dyfed, SA15 4DD;
Mr. A. C. Gibson, Craiglurg, 32, Craiglurg, Newry, Wigtownshire, Mr. F. M. Lyster, 3, Jefferson Court, Marine Drive West, Bognor Regis, Sussex, PO21 2QA; Mrs. H. Walsh, 12 Belvedere Road, Brentwood, Essex; Mr. P. Webb, 3 Greenside, Kendal, Cumbria.

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HR Owen

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1972 ROLLS-ROYCE SILVER SHADOW SALOON. Astral Blue with Silver Mink side panels and Blue Hide. 3,600 miles.

1971 BENTLEY CORNICHE SALOON. Finished in Porcelain White with Dark Blue Hide. Full service history. 15,000 miles.

1978 BENTLEY 72 SALOON.

Silver Chassis with Dark Blue Hide. 1,500 miles.

1978 ROLLS-ROYCE SILVER SHADOW II SALOON.

Pewter with Green Hide. 1,100 miles.

1978 ROLLS-ROYCE SILVER SHADOW II SALOON.

Black with Special Tan Hide. 4,000 miles.

1978 ROLLS-ROYCE SILVER SHADOW II SALOON.

Cardinal Red with Black Hide and Red inserts and special interior trim. 7,000 miles.

1977 ROLLS-ROYCE SILVER SHADOW II SALOON.

Chestnut with Beige Hide. 13,300 miles.

1976 ROLLS-ROYCE SILVER SHADOW SALOON.

Caribbean Blue with Red Hide. 28,000 miles.

1974 ROLLS-ROYCE CORNICHE CONVERTIBLE.

La Mans Blue with Black Hood and Black Hide. 42,000 miles.

1978 ROLLS-ROYCE SILVER Wraith II without Division.

Honey with Dark Brown Everflex Roof and Dark Brown Hide. 5,500 miles.

1978 BENTLEY 72 SALOON.

Moerland with Beige Hide. 6,000 miles.

1978 ROLLS-ROYCE SILVER SHADOW II SALOON.

Highland Green with Dark Green Everflex Roof and Beige Hide. 3,000 miles.

1977 ROLLS-ROYCE SILVER SHADOW II SALOON.

Honey with Beige Hide. 13,000 miles.

1977 ROLLS-ROYCE SILVER SHADOW II SALOON.

La Mans Blue with Magnolia Hide. 16,000 miles.

1975 ROLLS-ROYCE CORNICHE CONVERTIBLE.

Dark Olive with Beige Hood and Beige Hide. 23,000 miles.

1974 ROLLS-ROYCE SILVER SHADOW SALOON.

Walnut with Tan Everflex Roof and Beige Hide. 48,000 miles.

1973 ROLLS-ROYCE CORNICHE CONVERTIBLE.

Black with Black Hood and Red Hide. 30,000 miles.

1972 ROLLS-ROYCE SILVER SHADOW SALOON.

Silver Mink with Dark Blue Hide. 39,500 miles.

1973 ROLLS-ROYCE SILVER SHADOW SALOON.

Sand with Porcelain White side panels and Red Hide. 48,000 miles.

1969 ROLLS-ROYCE SILVER SHADOW SALOON.

Astral Blue with Light Blue Hide. 48,000 miles.

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BOOKS

Untender nights

BY C. P. SNOW

Scott and Ernest: The Fitzgerald Hemingway Friendship by Matthew J. Bruccoli. Bodley Head. £6.95. 168 pages

Ernest Hemingway and his World by Anthony Burgess. Thames and Hudson. £4.50. 128 pages

By Force of Will: The Life and Art of Ernest Hemingway by Scott Donaldson. Penguin. £1.00. 367 pages

Scott Fitzgerald was at the height of his popularity very young. Not yet 25, he was in Paris, drinking himself silly, throwing money away, not clear where it went: in both of which activities he was pushed on by Zelda, one of the most destructive wives in literary history. He was not only drinking himself silly, he was pretty silly by nature. His ego was too soft for this mortal life, and his will too weak. But he had a beautiful talent, and was a much better writer, and a more serious one, than is commonly thought today. He also had a splendid nose for other talents, and was much more generous about fellow-writers than writers can usually manage to be.

Thus in Paris he discovered, unpublished except in little magazines, the young Ernest Hemingway. Fitzgerald proceeded to lavish admiration,

introductions, letters to New York publishers, offers of money, all kinds of help.

For the sake of their future relation, that was fatal. Of all the masters of biting hands that fed, Hemingway was the most voracious. He didn't stop at biting helpful hands, he chewed them off. With Fitzgerald, he soon became the senior partner. He was effective, ruthless, tough, all that Fitzgerald would have liked to be. For years, as Fitzgerald slipped further down into alcoholic fugues, despair over Zelda, tunnels of debt, creative anxiety, Hemingway existed as a living reproach.

Not as a silent reproach, for Hemingway thought it appropriate to comment on Fitzgerald's failure to all their acquaintances, in particular to the editor they had in common. Since that last was the devoted and wise Max Perkins, a far better man than either of them, it didn't matter much. But it did matter when Hemingway published one of those harsh jabs in *The Spurs of Kilimanjaro*. Fitzgerald behaved with pathetic dignity, but was

practised. These three books deal faithfully with Hemingway's character. Even by the low standards of eminent writers, he was not a nice man. Carlos Baker's excellent biography demonstrated that, reluctantly but firmly, and Bruccoli, who is now becoming the leading Fitzgerald authority, and Donaldson, an American scholar not so well known over here, add some new evidence. It is incontrovertible

that Hemingway told lies indefatigably, and perhaps uncontrollably all his life. That is not agreeable to meet, or at least it makes trust more difficult; but it wouldn't repel some of us as much as Hemingway's singular kind of megalomania. He just had to extract admissions of his superiority in all aspects of human performance — art, sexuality, boxing, courage, wisdom, knowledge, general know-how. His existence became a protracted exercise in one-upmanship. It protrudes from his work — one-upmanship about deep-sea fishing (*To Have and Have Not*, and *Islands in the Stream*), guerrilla war (*For Whom the Bell Tolls*), genital endowments (*A Moveable Feast*), Venetian history (*Across the River and into the Trees*), and so on, and so on. Sometimes he must have known what he was talking about. Sometimes he didn't.

Possibly I am more put off by this particular manifestation than others are. Burgess and Donaldson, who don't conceal the falsities and contradictions in Hemingway's nature, do not seem to feel that it falsifies much of his art. For me it emphatically does. Donaldson, making a manful attempt to examine Hemingway in depth, suggests that the whole force of his will, which was formidable, was devoted to creating an idealised self — of what Jungians would have once called an unusually rigid persona. Fair enough. From all we have learned about him, that makes sense. But if that idealised self



Hemingway: a compulsive liar

has to become the concealed message of the art, then the real truths are driven out.

That is why usually I can't trust Hemingway's art, or even his well-known idiom, any more than I could have trusted him. Compare Tolstoy, with whom Hemingway vainly gloriously would have liked to compete. Tolstoy had an ego of preposterous impenetrability: much of the time he didn't lack for megalomania. When it came to art, though, he could, without effort — by one of the strangest transformations in the whole of

creative literature — subdue or abolish all that.

When Tolstoy sat down to write, he wasn't out to impose his will upon reality. Hence his stern and scrupulous verbal care, using the same word, quite deliberately, time and time again if no other would tell the exact truth. He looked at the world as though his temperament were glass-clear. Miraculously he became objective. As a rule, Hemingway was just trying to give the appearance of being so. These three books help us to penetrate the legend.

Fiction

Determined ladies

BY ISABEL QUIGLY

The Bookshop by Penelope Fitzgerald. Duckworth. £3.95. 118 pages

My Name is Norval by Terence de Vere White. Gollancz. £5.50. 190 pages

Compromising Positions by Susan Isaacs. Allen Lane. £4.95. 313 pages

The Bookshop is a spare, sad, lively book that like certain graphic processes using large-scale dots makes its effects by omission rather than accumulation. You have to narrow your eyes to see what's what and, in what isn't said, find what's implied about loyalty, betrayal, loneliness, good and evil. On a thread of plot hang all kinds of effects and even actions. The plot concerns the opening of a bookshop in a small East Anglian town by a middle-aged widow with little worldliness but a central integrity that makes her enemies and a friend or two.

From the start her enterprise is doomed because she has refused to co-operate with the local leader of things artistic and social. That such a woman can pursue a tiny vendetta through Parliament may sound far-fetched but the whole operation is understated so skilfully and treated in such an oblique almost throwaway manner, that it becomes a part of the action, almost Waugh-like (*A Handful of Dust*) in its acceptance of human deviousness and the un-

pretty talents used to achieve its ends. Florence Green and her bookshop are swatted not just without mercy but without any admission by that swatter that any such thing was intended.

That this almost-first novel (the author's previous one was a thriller) was short-listed for the Booker prize does credit to the selectors' discernment, because its voice is so quiet it might easily have been unheard in the clamour and jostling. Its styliness, and this low-voiced lack of emphasis, are a pleasure throughout: its moral and human positions invariably sympathetic. But it is astringent, too: no self-pity in its self-effacing heroine, who in a world of let-downs and put-downs and poltergeists, of misjudgements and financial confusion, keeps her spirit bright and her bookstock miraculously dry in the damp, seeping East Anglian landscape where an unexplained destiny has washed her.

A totally opposite sort of heroine in Terence de Vere White's *My Name is Norval*, an affluent, self-important woman, Miss Kelly, Irish and in her early fifties. This novel gives a meticulously (and therefore sinisterly) realistic account of the relationship between her and a man with a murderous past. In a circle of friends like herself, and with plenty of money, Miss Kelly leads a comfortable life in the firm conviction of her own value — socially, at least. No-one has ever been quite good enough for her to marry, and when a mysterious Mr. Robinson turns up at a guest-house in Donegal where she is having a holiday, he is certainly not the stereotype of the charmer or the fortune hunter, being moody, abrupt, often rude, yet to Miss Kelly, instantly appealing.

Terence de Vere White hasn't taken the easy way of making Miss Kelly sympathetic. As the story goes ahead she takes on a certain pathos at times, but remains banal, self-satisfied, and pretty unlikely: that she is the victim of a deranged man's fantasies doesn't add to

her charm. Things move fast from the controllable to the uncontrollable, with Miss Kelly losing charge early on in the weird relationship, in which feeling is all on the one side, self-absorption on the other; warnings are useless, for Miss Kelly, in spite of her "circle," has no one who really loves (let alone likes) her, and will take the trouble to interfere. Only a well-disposed policeman, whose social position makes it impossible for her to consider him a friend, has courage and kindness enough to put out a saving hand.

Oddities are made credible, tension mounts in a slow, inexorable way, the circumstantial Miss Kelly finds herself deceiving the police, a drowned sheep suggests memories of a former killing; yet the realism is constant, even, impressive, and modern Irish life at Miss Kelly's sort of level comes vividly across.

Compromising Positions is a first novel set in a Long Island suburb full of well-heeled families, circling about in their various ethnic, religious and financial groups: just how chopped up and diversified these are, Susan Isaacs seems to know well. A murder sets them all by the ears (involving, as it does, a fair cross-section of the local matrons) and the heroine takes to detection. She also takes to the detective in charge of the investigation, a short, snub-nosed, grey-haired man clearly conceived in opposition to her slim, graceful, suitable husband.

The writing is loud and snappy, full of wisecracks and improprieties that seem accepted forms of communications. In such circles, as well as the local dialogue suggesting a realistically presented community where lovers may be met in motels at short notice but children must be collected from school in between and baby-sitters are expensive enough to make the adulterous pause. Housewife-detectives are rare enough to give all this — the juxtaposition of domesticity and detection, even danger — a certain spice.

More of Bagehot

BY LORD ROEBINS

The Collected Works of Walter Bagehot: The Economic Essays. Three Volumes edited by Norman St. John-Stevens, with an introduction by R. S. Sayers. £40.00, the set.

The massive memorial to the greatest editor of the *Economist* initiated by Geoffrey Crowther and edited by Mr. St. John-Stevens is approaching its end. The literary, historical and political works have already appeared; and these three volumes, meticulously establishing the text as usual and enhanced by an authoritative essay by Professor Sayers, the greatest living authority on the history of the Bank of England, on Bagehot's present position in the history of economic thought, are a conspicuous addition to the collection. Only the letters and miscellaneous papers remain to be completed one of the most important of such enterprises of our time.

It goes without saying that the present instalment, with its wealth of material skilfully identified by the editor and hitherto unpublished save in the journals, particularly the *Economist* in which it first appeared, must be an indispensable addition to any self-respecting library dealing with economic ideas and economic history. How valuable to possess, inter alia, within three sets of covers, Bagehot's periodic reflections on the Trades Cycles of his time, the Overend and Gurney Crisis, Indian and Foreign Finances and reprints of his views on the Silver Question and International Money, not to mention, with a masterly elucidatory note by Professor Sayers, his last and perhaps most important practical suggestion in this field, the initiation of the Treasury Bill. The detailed studies of the economic history of his period must be immensely enhanced by the labours of Mr. St. John-Stevens and his helpers.

It would be a great mistake, however, to regard these three books as only of interest to specialists. Needless to say, Bagehot's Lombard Street, at once the most entertaining and deep discussion both of the City of his day and the general problems of central banking stretching far into the present century, figures large in the first volume, together with other important papers on the practice

and theory of banking in its various aspects leading up to that sparkling crystallisation of his thought. This is a work which has influenced both thought and practical history. It is interesting to learn that in the very important correspondence between Montagu Norman and Strong, it is only the name of Bagehot among speculative writers on the subjects covered, which appears.

It would be a mistake, however, to regard Bagehot's meditation in *Economics* as confined to technical financial questions. The unfinished *Economic Studies*, published together after his death and here reproduced with a perceptive review article by Robert Giffen — his collaborator for many years on the *Economist* and himself a statistician and economist of standing — with its penetrating and provocative reflections on the Postulates of English Political Economy and his critical appraisals of Adam Smith, Malthus, Ricardo and (chiefly elsewhere) of John Stuart Mill, show a powerful mind reflecting on some of the most important general problems of the subject inspired by intellectual independence and intimate practical experience. Bagehot approached such matters not merely as a speculative thinker but also as a man of the world; and it is this combination which preserves the interest even of fragments of his thoughts.

To his qualities of sanity and profundity as a thinker in Politics, Sociology and Economics Bagehot added what is not so often found in sane and profound thinkers on such subjects, the quality of clarity and inimitable personal style. Once he had achieved maturity he was never dull; and he had the gift of making the unnoticed fact both vivid and important. His friend Hutton, for long editor of the *Spectator*, spoke of his "high-spirited buoyant, subtle, speculative nature, in which the speculative qualities were even more remarkable than the judgment, and were indeed at the root of all that was strongest in the judgment." I venture to think that in the whole literature of social studies, there are few works as well written as Bagehot's *English Constitution* and *Lombard Street*; and here is the latter, the centre of this splendid collection, with a volume, together with other important papers on the practice



"The Sick Call" by Matthew James Lawless — one of many illustrations in "Painters of Ireland" by Anne Crookshank and the Knight of Glin (Barrie and Jenkins £15.00). This sumptuous volume covers three centuries from the early seventeenth to the mid-twentieth, and includes several hitherto neglected Irish painters.

Nagumo's hour

BY R. E. COWPER

Japan's War at Sea: Pearl Harbour to the Coral Sea, by David A. Thomas. Andre Deutsch. £8.50. 222 pages

"This is not the end. It is not even the beginning of the end. But it is perhaps the end of the beginning." Taken out of context these famous words of Churchill might well have described the point reached in the Pacific war at the Battle of Midway — the epic naval engagement between the Japanese and the Americans in June 1942, which many historians believe doomed Japan to ultimate defeat.

For the Americans the beginning, of course, was Pearl Harbour in December 1941 when the Japanese Navy's surprise attack put most of the U.S. Pacific fleet out of action, finally precipitating her entry into the second World War, and effectively leaving Japan free to go ahead with the conquest of South East Asia.

Japan had planned a short and decisive campaign: on the following day her troops occupied Thailand, and before the end of the month the U.S. bases of Guam and Wake and the British settlement of Hong Kong had fallen to her powerful onslaught. Both Malaya and Singapore were in Japanese hands by February 15, and in spite of strong rearward action by British troops in Burma the whole of the Irrawaddy Valley was overpowered by the end of April.

By March 9 organised resistance to the Japanese in Java was over and on May 6 General Wainwright finally admitted defeat in the Philippines. It had taken the Japanese just five months after their strike at Pearl Harbour to conquer most of their "Greater East Asia Co-prosperity Sphere."

One of the key factors in Japan's quick and stunning victories in South East Asia was her overwhelming naval supremacy in the Pacific and East Asian waters. David Thomas' book chronicles the devastating run of successes by the Imperial Japanese Navy's aircraft carriers in the first four months of the war.

It is difficult to discover a parallel in naval history to the achievement and maraudings of Admiral Chuichi Nagumo's aircraft carrier striking force," says the author.

In the period immediately following their attack on Pearl Harbour until the defeat at the Battle of Midway, Nagumo's carriers effectively dominated the high seas across 120 degrees of longitude from Hawaii in the Pacific Ocean to Ceylon in the Indian Ocean. Plundering and marauding across almost one third of the world's surface, his force steamed nearly 50,000 miles, inflicting heavy losses on the Royal Navy and putting to flight Admiral Sir James Somerville's hastily assembled and oddly assorted Eastern Fleet.

In the process Nagumo sunk five battleships, one carrier, two heavy cruisers, seven destroyers as well as damaging several other capital ships and destroying tens of thousands of tons of auxiliaries and merchant ships. He conducted devastating strikes on many port installations, including Darwin and Colombo, and wiped out hundreds of Allied aircraft either in the air or on the ground. And the cost to him was negligible: not one ship of his striking force was sunk or even damaged.

It is to the Japanese, says the author, that the credit must go for having changed the course of naval history by creating this new and deadly weapon — the first carrier striking force of World War II.

Despite these overwhelming successes, however, it is David Thomas' thesis that Nagumo's Indian Ocean foray — was a strategic blunder which was eventually to cost Japan dear. For no Pacific war could be won by the Japanese until the U.S. fleet had been destroyed.

Although the Pearl Harbour attack had gone some way to fulfilling this objective the Indian Ocean interlude gave the Americans valuable time to regroup. Had the Japanese made a second strike on the U.S. naval base and followed this with sorties to the east to seek out the remnants of the U.S. fleet, argues the author, American success at the Battle of Midway would have been most unlikely.

David Thomas' book is the first thorough account of this short but unparalleled period of naval history, and it is full of admirably researched detail, much of which has not been published before. The story might have gained somewhat, however, if the author had sketched in the wider perspective of the war in Asia, so that the naval engagements could be better appreciated as part of Japan's total war strategy.

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Picture puzzle

BY ELIZABETH FORBES

Prelude to Terror by Helen MacInnes. Collins. £1.95. 346 pages

When Colin Grant, youngish, impetuous expert on 17th-century Dutch art, accepts the commission to fly from New York to Vienna in order to purchase a Ruysdael river scene for an American millionaire collector, he envisages nothing more strenuous than a paid vacation in his favourite European city. But the sale of the picture, which has been smuggled out of Hungary, forms part of an ingenious scheme to raise funds for terrorist organisations, and Grant finds himself caught between several rival agencies, chasing and being chased by villains

through the streets of Vienna and Grinzing out into the Austrian countryside.

As always, Helen MacInnes has meticulously researched the background, as well as the plot of her enjoyable thriller. The private view — displaying Dall book illustrations — at a smart New York art gallery on Madison Avenue is as convincing as the sale in the shabby, over-decorated Viennese auction rooms in the shadow of St. Stephen's Cathedral. Grant, far less of a Yankee innocent abroad than some of the author's earlier protagonists, has a satisfying natural response to the unexpected violence that he encounters, while his reflexes, trained in the jungle of the international art world, are equally spontaneous.

BOOKS OF THE MONTH

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Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

In short—Builders

BY H. A. N. BROCKMAN

The Perpendicular Style: 1330-1485 by John Harvey. E. T. Batsford. £12.50. 300 pages

John Harvey bases his study on buildings alone, apart from any place they might have in their surroundings. His analyses are painstakingly detailed and instinct with a deep knowledge of his subject. His two important works, among many others, are one on Henry Yeveley (architect of Westminster Hall and a number of other late 14th century works), and the other his monumental *Dictionary of Medieval Architecture*, an invaluable reference book for the student of the Middle Ages. Harvey devotes an entire chapter of the book under review to "The Age of Henry Yeveley 1330-1400." Although the son of a Derbyshire stonemason, Yeveley had close literary and intellectual connections with Geoffrey Chaucer, a fellow servant under the

Crown. This exhaustive work of scholarship has a bibliography, a table of dated building, a glossary and index.

West Yorkshire: Architects and Architecture by Derek Lindstrum. Lund Humphries. £30.00. 400 pages

This splendid work of devotion to a subject, allied with a life-long knowledge of West Yorkshire, takes the form of a critical assessment of the work of 200 architects from mediaeval times to 1900. The recognisable affinity of these buildings with the grandeur and toughness of the West Yorkshire scene is so wide in its variety that it might well serve as a valuable nationwide history. As the author reminds us in his prologue, John Ruskin in conversation gave it as his opinion that the Yorkshire scene "is the expression of national life and character."

HOW TO SPEND IT

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by Lucia van der Post



is back

I'M SUFFICIENTLY elderly to be pleased to see another Biba back in town. I remember with much nostalgia my first Biba dress (£2.50). I think it was, much too short, even for the times, but bang up to date and incredible value even though badly made. Whilst my first Biba dress (a simple cut, trench-style black coat made from some artificial fibre which I thought at the time looked quite remarkably like black seal-skin) was, at £7.50, one of the great bargains of my life and I wish I had it still.

As you will have gathered from all this preamble a new Biba has risen at 33, Conduit Street, London, W1, from the ashes of the old. All the lovely Biba touches of old are there—the same black and gold logo, the same inebriated combination of retro and avant-garde, of the nostalgic and the up-to-date.

Like the old Biba, the shop is dark inside with antiqued mirrors and black walls, and pillars with the famous and familiar Biba props—bejewelled handbags, dresses, shoes and hats by marvellously sindy, typically Biba colours.

The colours are the backbone of the range of clothes and look like an artist's palette, so beautifully do they blend, so carefully are they thought out. There are lovely, sophisticated earthy colours like rust, moss green, dirty pink, peat brown, cinnamon, and petrol blue.

The colour theme is developed throughout the shop—for instance you can buy a dress (from £18.95) in, say, terracotta and this match it with a felt cloche hat (trimmed with feathers) (for £8.95) and a matching coat (for £49) and you can finish off with plain suede court shoes in any of these colours (£26.95).

To go with the clothes there is a huge range of accessories, all stamped with the familiar Biba-chic. Silky ties in jewel colours, brocade bow ties, silver lurex gloves, art deco jewellery, clutch bags, and for those with Bianca Jagger fantasies, some black canes with jewelled handles (£38).

The Night department has a lovely range of cotton jersey lingerie—long, wrap-around gowns for £11.95, long loungers with polo necks for £11.95, nighties for £10.95, all in sophisticated colours like prune, slate and black.

To recline on in your Biba Nights there is a huge range of brocade cushions, mostly with a black background. They come in stripes and florals, all shiny silver, gold, copper and bronze colours on black. They match up with picture frames, bedroom accessories like tissue boxes, cosmetic bags, wastepaper bins and so on.

It's all a very familiar scene to Biba-philes but there is one very big difference. Firstly, this Biba, like the successful early ones, is small, a boutique for the aficionados, not a huge, mass department store.

Secondly, the girls in this Biba actually seem to like to help you buy. I remember standing helplessly in the old Biba, dying to buy and finding girls too bored by me, too interested in their nails or their date that night, to be bothered. I bought several things at the new Biba before Christmas and still think it's the ideal place to find a present for a teenager—lovely black sweatshirts with Biba written on it in big, glittery gold letters for £8.95, Biba's pure Rosemary Shampoo (£1.75) and the whole range of Biba make-up (which, of course, has gone on being available) and the Biba diaries, lighters, watches and so on.

To return to the clothes—there is not a huge choice, the feeling is very much one of great elegance and simplicity with Biba's inevitable slightly retro overtones. The dress we have chosen to photograph is, to my mind, one of the best they do. In simple "crepe" it has the aforementioned elegance and simplicity and typifies the Biba skill in managing to be looking backwards and forwards at one and the same time.



This porridge-coloured "crepe" dress with padded shoulders and soft gathers is typical of the fashion at the new Biba, 33 Conduit Street, London W1. It is £26.95, is made from a mixture of 35 per cent acetate and 45 per cent viscose and has a "crepe" finish. It comes in sizes eight to 14 and in ten colours including grey, moss green, peat brown, khaki and terracotta. The model is wearing a Biba art deco brooch from a selection starting at £3.95; the shoes are by Hailston and cost £40 from main branches of Rayne. The model was photographed in the Ritz Casino underneath the Ritz Hotel, Piccadilly, London W1 by Trevor Humphries.

FASHION

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Time to stitch

NOW THAT we're all snowed in and most of us have a distinct reluctance to go out except when vitally necessary, it seems a good moment to write about a major new development in the needlework world. Richard and Betty Adla, who live in one part of an idyllic 17th century manor house in Oxfordshire, have for years felt that the needlework scene in England wasn't all it should be. Richard is an American and both he and Betty have lived in the States for long periods, and so they knew that in America needlework is much more appreciated, is done to a much higher standard, and that the needlework shops are far more enticing places than those over here.

To fill the gap they've decided on two major areas of activity—first they've established the Adla English School of Needlework which will teach all aspects of needlework by means of day courses in the exceedingly beautiful setting of Waddington Manor (morning coffee and lunch with sherry beforehand are part of the course). The needlework courses will start at the end of February but you can write now for dates, prices and all other details.

Secondly, in the stables is one of the most fascinating needlework shops in the country. Here you can buy wools in up to 342 different colours. There are silks to match.

The Adla's aim is to provide an alternative to what every body else has, and what they feel is principally lacking are really beautiful canvases at the upper end of the market. There are many shops selling inexpensive, mass-produced canvases of not particularly significant designs—they will have some inexpensive designs (prices start at £3.50) but they will also have hand-painted rug canvases costing up to £500 (for this you will get a rug canvas of about 6 ft by 4 ft with a really beautiful design on oriental themes or featuring animals or birds or flowers or a charming jungle scene).

There are also a few supplementary services—for instance they will hand-paint canvases to order—your house, dog, horse or any other theme you like. Schemes can be provided that link in with existing or new colours or decorations.

Finally, there is the Adla Finishing Service—of inestimable value to all those people who make up their canvases and then wonder what on earth

form the backing fabric; lots of multi-coloured silk scraps; a piece of polyester wadding to quilt the cushion if you wish to; and an instruction sheet, with suggestions for three alternative designs and finally backing satin in black or brown.

The photograph above shows the alternative designs. Each kit is £3.45 (25p UK postage and packing). While to: Harriet Wincote Designs, 635, Kings Road, London, SW6.

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A hand-painted canvas from America. Each stitch is painted on to the canvas, all the wools are in lovely colours and the kit comes complete with wools and instructions. It measures 18" by 15" and is £40.

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A pinch of salt

SOME NICE, old-fashioned domestic advice from RHM Foods this week. Since we live in what is laughingly called a temperate climate we aren't all that used to ice and snow, so RHM take the opportunity of reminding us that the simplest way to clear icy paths, steps or driveways is to sprinkle them with salt (they, of course, hope you will use Saxa, but I'm sure most brands will work). In a few seconds the ice will turn to slush (which may be unpleasant but is infinitely less dangerous and in any event it can easily be brushed away).

Quiz news

As the weather has been so appalling recently and the post from some country districts seems to have been held up, I thought it only fair to give readers until January 15 to tackle our New Year Quiz. If any readers have mislaid their copy back numbers can be ordered by post from our back number department (send 30p for 1 copy, 53p for two).

Answers on January 20.

Silk 'n' satin

READERS may remember that last year I showed Harriet Wincote's lovely kits for making your own patchwork quilts, based on the Dresden Plate pattern. Well, for those who don't feel like embarking on a large and ambitious project (after all, patchwork was originally done by large circles of women who could take their minds off the boredom of the work by exchanging gossip) Harriet Wincote has now produced a kit for making a silk and satin appliqué cushion kit.

Just as fashion has become much more glamorous and sophisticated so the feeling in the home is turning the same way. Harriet Wincote's kits use sophisticated colours and finishes. The basic colourway is shiny black or brown—nothing rustic about those.

All the materials except the cushion filling, needle and thread are supplied and the finished cushions should be about 16½ ins square. In the kit you should find two pieces of satin 18 ins square, which

well into the meats with your hands.

Combine the wine, brandy and left over gravy with the mixture. Turn into an earthenware terrine dish and press well down. Cut remaining 2 oz bacon fat into thin strips and arrange in a criss-cross pattern on the terrine, press down lightly into the meats so that it does not curl while cooking. Do not cover.

Place the dish in a baking tin of cold water and put in oven for 1 to 1½ hours, or until the terrine begins to leave the sides of the dish. If you wish to keep it for more than a week, wait until quite cold, melt (do not cook) enough pure pork lard to cover the terrine completely. It will keep in the fridge for two to three months.

Heat oven to 350°, gas mark 4. Coarsely mince together here, uncooked livers and pork. Dice 6 oz of the bacon fat, having removed rind, blend with minced meats. Add finely chopped garlic. Crush together in a mortar the salt, coriander, pepper and nutmeg; blend them

well into the meats with your hands.

Combine the wine, brandy and left over gravy with the mixture. Turn into an earthenware terrine dish and press well down. Cut remaining 2 oz bacon fat into thin strips and arrange in a criss-cross pattern on the terrine, press down lightly into the meats so that it does not curl while cooking. Do not cover.

Hare today, hare tomorrow

IF YOU have the sort of men in your household that you can despatch with guns and instructions to return with two young hares and four pheasants, now is the season to send them forth. Or, if your menfolk are like mine, only too happy to devour game so long as they are not involved in the killing or the preparation, go shopping.

Do not buy the leverets (as young hares are called) unless they have been hung for at least a week, or 10 days if hanging in a very cold place. The flavour is

then gamey without being too obviously so, the meat is tender and, as long as you counter the tendency to dryness (either with larding or as in the following recipe, by using bacon fat) the cooking is quick and simple.

Young hares are usually to be found in game butchers or those poultryers that specialise in fish, game and poultry and their flavour is more delicate, more refined than that of hares. However, the following recipe works equally well with mature hares, though they may require cooking a little longer and the flavour will be more "meaty". (Londoners may be interested to know that Selfridges are selling hares this week at between £3.50 and £4. Readers in the country should find them more easily if they go to proper game specialists.)

Put bacon fat in the meat tin with the juices, mushroom and green pepper, boil fast to reduce it by at least a half. Strain through a wire sieve into a small saucepan (pushing as much through as possible) and simmer until needed. Serve in a sauceboat.

The carver should slice down each side of the hare's backbone, serving only the back and a little thigh to each person. The rest will make a fine terrine.

Cooked in this way, the hares (eaten with sprouts, green salad and creamed or sauté potatoes) are not as rich as you might imagine. With it you can safely serve a starter like mushrooms in paprika cream.

The illustrations are reproduced from *The Sportsman's Cookbook* by Mrs. E. M. Walker (Hutchinson, £7.95) which was reviewed on this page on December 23.

ROAST HARE

(for 4 to 6 people, depending on appetites)
2 whole hares or leverets, 1 green pepper, 1 mushroom (roughly the size of a table-spoon), 1 lb bacon fat sliced approximately 1-inch thick, 7 tablespoons good dry white wine, 7 tablespoons water, 2 shakes Worcestershire sauce, salt and freshly ground black pepper, 1 lemon.

Wash the hares well in salty water, having removed the liver, heart and kidneys (save the liver for the terrine). Soak the hares in salty water for 30 minutes. Drain and dry. Rub all over with salt. Tie the haunches, front legs and shoulders so that the hares are compact. Place in a medium-sized meat tin. Squeeze the half lemon over them and rub the juice into their backs. Lay the strips of bacon fat, slightly overlapping, across the backs, which should be completely covered. Secure with wooden cocktail sticks.

Finely chop up the pepper and mushroom into a bowl, add the wine, water and Worcestershire sauce, pour into the base of the meat tin. Sprinkle hares generously with black pepper. Cover with a cloth and let stand for at least one hour, preferably for three or four hours. Heat oven to 400 degrees; gas mark 6. Cook hares for approximately 30 minutes. Take out of oven and remove the bacon fat. Place hares in oven-proof serving dish and return to oven. After five minutes, reduce heat to minimum, just enough to keep the hares hot.

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The remains of your hare will make a wonderful hare terrine. Terrines taste their best if made at least four days before eating. After serving the roast hare you will have the hind and fore-quarters more or less intact and a shade underdone, which is just right. You will also have saved the liver. Strip all the meat from the carcass and weigh, because you will need an equal weight of pork belly.

If you dislike hare, you could try pigeon, which, unlike most game, should be freshly killed.

PIGEON BREASTS (serves 4)
4 pigeons, approx 1 oz butter, 4 mushrooms (about the size of a 50p piece), 1 lemon, 6 oz fatty bacon, scant 1 pint good dry white wine, 4 oz sour cream (or fresh cream soured with a little lemon), 1 egg yolk, sprigs of rosemary (optional).

To remove breasts on the bone, insert sharp kitchen scissors in the rear, snip all round the breast formation (which is clear to see), starting just above the right leg, cutting as low as possible as you go round, finishing just above the left leg. Check for shot. Rub each breast with lemon and salt.

Cut mushrooms into little pieces; put them in a small baking tin, lavishly sprinkle with freshly ground black pepper and salt to taste, adding the rosemary if desired. Place breasts on mushrooms, covering each with a generous layer of fatty bacon and wrap them well round so they do not fall off while cooking. Pour the wine and water into the tin and put in oven at 400°, gas mark 6, for 20 to 25 minutes.

Combine the sour cream and egg yolk. When pigeons are ready, remove bacon; put them in a serving dish and keep hot. Cut the bacon into small pieces and add to mushrooms and juices. Put tin on fierce heat, boil to reduce liquid by half or more. Pull aside, add the cream and egg, stir over gentle heat until it thickens slightly. Do not let it boil. Pour over pigeon breasts and serve with jacket potatoes (without butter, since there is plenty of sauce).

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PROPERTY

Buying a place in the sun

By JUNE FIELD

IS THIS THE YEAR to buy a place in the sun? The arctic weather has brought a bumper crop of enquiries, claims one overseas property agent. "We were already well up on sales because of the indifferent summer, and now with continental package holidays booked up for next season, people are seriously thinking of buying a place of their own abroad again."

Spain, and the Balearic Islands, are still the top favourite location, and for those emigrating, exchange control regulations allow £40,000 to be transferred out of Britain, free of premium, plus the travel allowance of £1,000 and £100 cash. (For EEC countries it is £80,000). The standard of building has improved enormously in Spain, with better quality fittings, plumbing, electricity, and sliding aluminium windows being used instead of the old galvanised iron ones, much more suitable for the coast, where a whole wall can then be made open to encompass the views of the sea.

The annual Homes Overseas exhibition next month, at the Waldorf Hotel, Aldwych,

Strand, London, W.C.2, 68 February, noon to 8 pm, has 26 stands, nearly double that of last year. Nearly all of them are promoting Spain, with one exhibitor specialising in second homes in France, and CISA Andorran properties, who have just opened a new office in London at 223 Sussex Gardens. W.3, also offering a tax advice service. Communications have been greatly improved for this tax-free haven between France and Spain with the opening of the new airport at Seo de Urgel, 15 km from Andorra.

For special free invitation cards showing how to get to the Home Overseas Exhibition, write to Michael Funnell, Homes Overseas, 10 East Road, London, N.1.

On a trip to Spain's Costa Blanca last week, I asked the OSL coach driver to drop me at the Glisor Hotel on the Alicante road, which he did. The hotel turned out to be no more than a gutted skeleton which is being re-built at 35 apartments *grax laja*.

Recession, inflation, political ups and downs, currently appear to have had no effect on the building of luxury apartment blocks, and disposing of them would seem to present no

problem either, as many units are sold off plan. The Spaniards themselves, as well as the French and Germans, are buying for second homes in this desirable stretch of coast between Alicante and Valencia. Prices vary from about £12,000 for a two bedroom flat in a block on a hill at the back of one of the small beach-side resorts to about £21,000 for similar accommodation in a 12-storey block just off the sea front, to some £30,000 for a three bedroom, two-bathroom apartment in a front-line position.

All this building of course, is stretching the existing infrastructure to the limit. In the height of the season last year there were water problems in the Benidorm area. Two naval tankers had to bring in emergency supplies from Alicante, right up until the beginning of December. Drilling for water is going on in the grounds of several apartment blocks. There is plenty of water there, but in some cases it is so deep down, the expense of tapping it would be prohibitive. There are also rumours of a special reservoir being built.

The two overseas property magazines *Homes Abroad* (50p),

c/o Tartan House, 94, Old Bond Street, London, W.1, and *Homes Overseas* (45p), 11 East Road, N.1, list a selection of agents handling property in the area, as well as offering a free advisory service on the actual mechanics of buying and selling. (Add 15p for a postage paid copy of either journal).

As always with overseas property it is essential to go and see the locations for yourself and to make sure that any monies get paid through a bank. Repatriating money from Spain is still a fairly unknown quantity and at least an authorised transfer of funds bought with Bank of England permission is a properly documented record of the transaction.

OSL, once strong in selling and developing properties on the Spanish mainland, now concentrate their sales activities in the Balearic Islands, although as Christopher Dodd, their property manager admits, to UK residents, the dollar premium hurdle remains.

"An unusually low rate in the early part of last year encouraged those familiar with the premium to take action and buy, but a subsequent climb in the rate to the 55 per cent level in August created an unaccept-

able barrier for most investors. The astute plot the movement of the premium, which over the past few weeks has fluctuated between 35 and 40 per cent." (To find out the current rate look under the American share prices column in the Financial Times.)

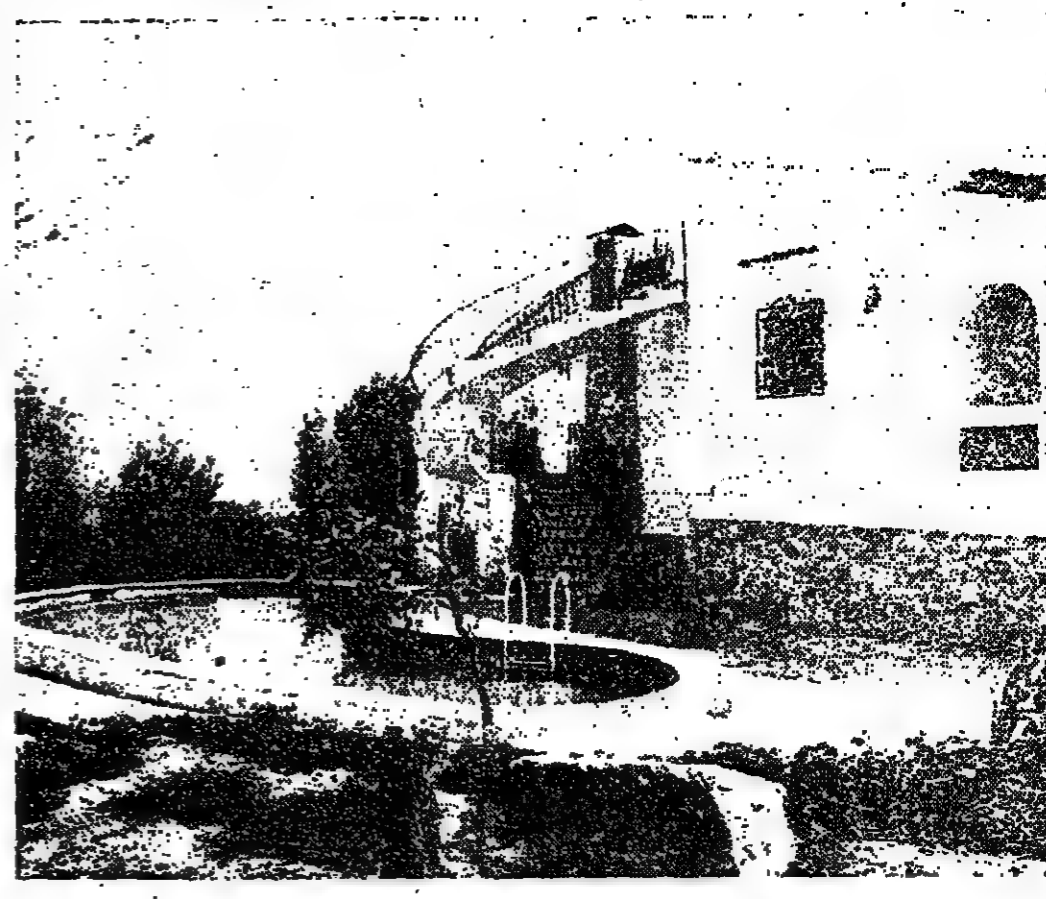
New projects in the Balearics since the slump of 1973 have been thin on the ground, with holiday places greatly in demand from overseas residents who don't have to pay what amounts to a surcharge on this money. Most property on the market has been second- or third-hand re-sales.

Says Mr. Dodd: "Owners' Services have offered exceptions to this rule (having had the backing of a publicly quoted company (TK3) to complete new projects during the recession), and was one of the few developers to have brand new property on its books during 1978. However, sales have been so good that even OSL are now concentrating on the resale market, which they limit to properties which were originally developed by them, chiefly in the Balearics."

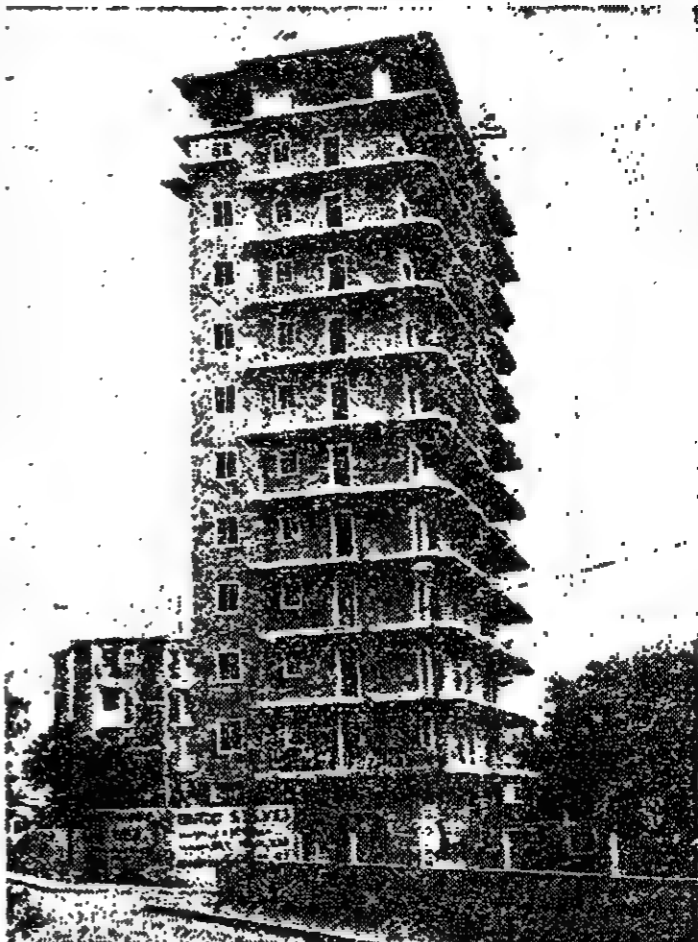
"By doing so, they can give the purchaser first-hand knowledge of its pedigree, and provide a comprehensive package of management and letting which few other English companies can offer."

Prices on their resale list start at £8,000 for studio apartments in Ibiza (San Antonio and Cala Llonga), and go up to £25,000 at various developments in Mallorca, and Hamilton Court in Menorca. Further information from Christopher J. Dodd, OSL House, Broxbourne, Hertfordshire, who will also send details of membership of Owners Services, which is free until October this year, and £3.24 including VAT after that, for UK members, and £4 for overseas members. Subscribers get a 41-page confidential handbook telling them about special low-cost travel, and how to go about finding tenants for their property if they want to. They don't charge commission for finding you a tenant, and give you various tips, and wrinkles on how much furniture you should provide, the number of sets of bed-linen, how many knives and forks needed, and so on.

George Harris, OSL promotions manager told me: "I take care of all the fussy details for you, including cleaning the property at changeover time, looking after keys, and organising flights, transport and car hire, plus a special scheme to cover any UK airport delays, your tenants take advantage of our economy travel arrangements, we can help boost your rental income. Only the owner knows the exact costs which are kept confidential."



Above: Typical villa built by Vibesa at Aldea de las Cuevas, in the hills above the old village of Benidoleig, on Spain's Costa Blanca. A swimming pool is an optional extra, but it adds considerably to the rental potential. Details Jack Riley, Chesham Property Overseas, 28a Cadogan Place, London, SW1. (Photograph Trevor Kenyon.)



Left: A 12-storey apartment block being built just off the sea-front in a small resort near Alicante. (Photograph Trevor Kenyon.)

Spoken and silent muse

IT IS ONE of the sad facts of our period that poetry is marginal to the lives of most people. Radio does what it can for an art which was once one of the chief glories of England by providing several slots for poetry throughout the week, and even television broadcasts a regular close-down poem. But few people outside of those professionally involved as part of the educational system really care very much. It was splendid that William Empson should be knighted in the New Year's Honours List but one feels the honour was given more for Seven Types of Ambiguity than for his Collected Poems.

One of the reasons for the general indifference to poetry is the fact that people no longer learn it by heart and speak it in class when they are at school. In a sense spoken poetry is more accessible now than it has ever been through tape and records (Argo and Credence both have vast catalogues of "recorded poetry" but listening to Stobham McKenna reading Yeats, or Richard Burton reading Dylan Thomas is not quite the same as reading it aloud yourself in a group and discovering the effect it has on both you and your audience. Much of the kind

of poetry one was made to learn by heart was by Yeats or Dylan Thomas but something more finely and simplistic in its appeal to the emotions; nevertheless the whole experience, even if uncongenial at the time, did awaken the poetic taste-buds, as it were, and prepare the way for a more mature appreciation later on.

PAPERBACKS

ANTHONY CURTIS

Which English poets were recited in class-rooms and drawing-rooms? The question has been answered recently by Kingsley Amis in *The Faber Popular Reciter* (available both as a paperback £2.95, and a hardback at £6.95). He has gathered here many of the most frequently recited poems from the time of the anonymous ballad of Sir Patrick Spens to Julian Grenfell who is the last with "Into Battle." Religious exaltation (several of the poems are well-known hymns) and patriotic exhortation (Rorarius is given in full) are the predominant moods. Shakespeare, of course (Jacques, John of

Gaunt, Henry V, Marc Antony), Milton too (On His Blindness), Browning scores four poems, Tennyson seven, and Kipling tops the table with nine.

Many of the other high-scores are not great or good poets but what Orwell called Kipling, "a good bad poet." "A good bad poem," he said, "is a graceful monument to the obvious. It records in memorable form... some emotion which nearly every human being can share." Thus Sir Henry Newbolt chalks up five entries, Charles Kingsley four, Longfellow six, and G. K. Chesterton four. Most of the poems in the book seem to have chosen themselves and says editor Amis would have been the staple fare in several anthologies when he was a schoolboy before the Second World War. This one is more likely to be used for reading than for recitation.

We have learnt to mistrust poetry which is a graceful monument to the obvious and one of the poets who have made us suspicious of it is T. S. Eliot (who did oddly have a great admiration for Kipling's verse). I remember as a schoolboy buying three of the *Four Quartets* separately, as they came out in

pamphlet form; a shilling for about 15 pages of text and they sold like hot cakes during the war.

Since Eliot died in 1965 we have had precious little from or about him in the form of posthumous publication; no biography, no letters, only a facsimile and transcript of the original drafts of *The Waste Land* edited by his widow, Valerie Eliot in 1971 which, though fascinating, needed complementing by something more general. This need was partly filled by a book now in paperback, *Eliot's Early Years* by Lyndall Gordon (Oxford £1.50). It is a sensitive and scholarly study of Eliot's creative life from its roots in New England to the time of his conversion to the Anglican faith after he had published the *Waste Land*. The author recaptures the number of people who were crucial in the poet's life: his mother, Charlotte Eliot (herself a poet of the popular reciter kind); Vivienne Eliot, his first wife about whom we have heard so little hitherto; Emily Hale, the drama teacher to whom he wrote 1,000 or so letters in the course of his life and who never married; and Ezra Pound. Mr. Gordon also deals discerningly with those imagined figures in the work, Prufrock, Gerontion, Tiresias, and particularly St. Narcissus (who appears only in *The Waste Land* drafts) in whom Eliot masked his most secret fears and aspirations.

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COLLECTING

Many illustrators who specialised in children's themes and whose work was also published as postcards remain undocumented. June Field investigates.

Tales from the nursery

WITH THE interchangeability of book and postcard designs, the work of nursery-world illustrators has a two-fold appeal to collectors. Amongst the period 1900 to the 1920s particularly, it was the practice of publishers to acquire the sole rights of reproduction of an artist's work so book illustrations would often be issued in postcard form at a later date. And some illustrators children's subjects for instance, The *Picture Magazine* (1900-1905) and the *Picture Postcard* (1905-1910) were the only postcard publishers to do this.

A. and C. Black, founded in 1807 when Adam Black opened a bookshop in Edinburgh, coming into prominence when he purchased the rights of the *Encyclopaedia Britannica* 20 years later, published Charles Folgerd (1878-1957). The firm issued his illustrations from *Mother Goose Nursery Rhymes*, 1919, and *Songs from Alice in Wonderland*, 1921, in their 'Black's Beautiful Postcards' series of 1924. Folgerd incidentally was the creator in 1915 of Teddy Bear, the marvellous mouse with the lion collar, how tie, and knot in his tail, hero of the Daily Mail strip cartoons which ran until 1980.

Florence Upton (1873-1922) born in New York of English parents, invented the endearing character Gollwee, dressed as a blacked-up minstrel trapper with blue jacket and scarlet trowsers. Based on the black doll that travelled with her on periodical trips across the Atlantic to visit her aunt in Hampshire, he featured in 13 books.

In 1903 Raphael Tuck translated his adventures to postcards—meeting the Highwayman or riding his bicycle on the Bois de Boulogne.

Florence sent the original golly with his two Dutch companions and various manuscripts and drawings to be auctioned at Christie's during the First World War: the 450 guineas raised was used to buy a Red Cross ambulance, and the purchaser presented Golly and the dolls to the Prime Minister's country home, Chequers, where they still live in the Long Gallery, and the name gollwee, now without its suit, has gone into the dictionary, the term for 'a grotesque doll'.

Dorothy M. Wheeler (1896-1966), illustrator of the earliest



Postcard design by Phyllis Cooper, from Raphael Tuck and Sons, in the 'Postcards from the Nursery 1900-1909' exhibition at the collection of Dawn and Peter Cope at Bethnal Green Museum until January 21.

Enid Blyton stories, based a lot of her work at one time on the patterns seen in soap bubbles, and used a special machine to produce them, so that they could be studied in detail. Black's also published some of her illustrations from the book *English Nursery Rhymes* (29 rhymes with music), in their *Beautiful Postcard Series*. One of her original watercolours, 'The North Wind', together with a copy of the book itself showing the matching illustration (the reproduction is extra-ordinarily faithful), is featured

at the nostalgic exhibition *Postcards from the Nursery 1900-1940*, at the Bethnal Green Museum until January 21. The enchanting display of drawings, painting books (complete with paints), puzzles, various children's publications and some 1,000 postcards are from the collection of Dawn and Peter Cope. Complementing the exhibition is the Copes' delightful book, *Illustrations of Postcards from the Nursery* (East West Publications, £4.95), on sale there or obtainable by post from the authors at 12 Camden Row,

Blackheath, London SE3, plus 50p postage.

It includes 22 biographies of illustrators, many of whom, of course, specialised in postcard designs as well as book illustrations. And as Peter Cope, a graphic designer, points out, they were not a clique, but lived and worked quite separately, in general unaware of each other's efforts to bring amusement to children through the picture postcard medium.

What is apparent though is that many were the children of artists—Millicent Sowerby (1878-1967) was the daughter of artist John G. Sowerby; the father of Margaret Tarrant (1888-1959) was painter Percy Tarrant; and the mother of Molly Brett, who still draws from life in her cottage garden, was animal painter Mary Gould Best.

Until now many of these illustrators have been unrecognised and undocumented, and for a more comprehensive tribute the Copes are anxious to contact relatives and friends of Anne Anderson, Florence Mary Anderson, Sybil Barham, Phyllis Cooper, Linda Egerton, Florence Hardy, Norman Harbridge, Ivy Millicent James, Will Kidd, Helen Grace, Marsh Lambert, Olwen Morgan, Chloë Preston, Jennifer Rickard, Constance Symonds and Fiona White.

A remarkable new source book for identifying Britain's major postcard publishers from 1894-1939, is Anthony Byatt's *Picture Postcards and their Publishers*, £7.50 post paid from Golden Age Postcard Books, 28 St. Peter's Road, Malvern, Worcs. (A former company chief accountant, Mr. Byatt began dealing in postcards in 1974). For the mechanics of collecting, Toni and Valmai Holt's excellent *Picture Postcards of the Golden Age — A Collector's Guide* has just been reprinted, £3.95 plus 75p postage from Vera Trinder, 38 Bedford Street, W.C.2, who will also send a useful list of several postcard publications. The two indispensable price guides are J. H. D. Smith's *IPM Catalogue of Picture Postcards and Year Book 1979*, £3 from 30 Shirley Avenue, Old Coulsdon, Surrey, and *Pictoria's Priced Postcard Catalogue and Handbook* by M. R. Hewlett and B. H. Swallow, £2.85 from B. P. E. Publications, Citadel Works, Bath Road, Chippenham, Wilts.

CHESS

LEONARD BARDEN

BRITAIN'S LEADING grandmaster, Tony Miles, advanced a step nearer the world championship last month when he shared first prize in the West European zonal in Amsterdam and qualified for a place in one of the 1979 interzonals.

A total of 36 players from all over the world will take part at Moscow and Rio de Janeiro, and six interzonal survivors will then compete in a knock-out match series with Korchnoi and Spassky to settle Anatoly Karpov's next world title challenger in 1981.

Final leading scores were Miles (England) and Timman (Netherlands) 11½ out of 14. Stean (England) 10, Sosonko (Netherlands) 10½, Speelman (England) 9, Langeweg (Netherlands) 7½, Morrison (Scotland) was eleventh and Keogh (Ireland) fourteenth among the 15 players.

The result reflects the unfairness of a system which gives only two qualifying places to a zone including Timman and Miles, both among the most talented grandmasters. If form works out, as it did in Amsterdam, none of the other leading British players can reach the interzonal. The contrast is marked with the South American zone whose three places

went to little-known Brazilians and Argentinians, while Canada, a weaker chess nation than England, has its own zone with two qualifiers.

The system, which already discriminates against English players like Stean, will become worse in future years when our young grandmasters become still stronger and junior talents such as Short and Hodgson reach world class. The zonal bottleneck is accentuated by the slow-moving three year world championship cycle, and there is a huge bias in favour of the reigning champion who defends his title infrequently and has a return match clause if he loses.

Basic reform is long overdue. The real need is for an annual 'World Open' on the lines of the famous Lone Pine event in California, open to all players with ratings of 2,500 (effectively the world top 100) and with a right for the winner to meet Karpov.

That way, young talent in Britain and other countries would have a realistic chance to compete for the world championship, and there would be fewer hard-luck stories about those like Keres, Reshevsky, Garsa and Poleschak who were strong enough to play for the title but never got a match despite decades of trying.

While, congratulations to Miles as our first interzonal qualifier since Golombek in 1952; here is one of his wins with a surprise finish.

BRIDGE

E. P. C. COTTER

AS A Twelfth Night offering here are two hands which I found instructive. Both come from rubber bridge, and the first one was dealt by South at a love score:

N. 6 4 4 2
S. 10 8 7
W. 3 3
E. 9 5 4 2
Q J 3 2
A Q 10 9
K J 8
S. 10 7 5
Q 5
K 10 7 3
A K 6 4 3
K J 8 7 6
A

South bid a conventional two clubs. It is churlish to find fault with a hand as good as South's, but the red suits are somewhat lacking in solidity to make it an ideal two club bid.

North replied with a negative two diamonds, and over his partner's rebid of two hearts he said two spades, a Herbert second-round negative, favoured by several top-class players, including my friend, co-author, and frequent partner, Derek Rixington. When South now rebid, three diamonds, North gave primary preference with three hearts, and South went to four hearts.

In view of his diamond holding, West had no doubt about his opening lead—he started with the two of hearts, which was covered by the seven, Queen, and King. The declarer at once returned a low diamond, which was taken by the nine.

Seeing that another trump lead would involve the loss of his Knave, West switched to the Queen of clubs, which was won by the Ace in hand. The declarer ruffed a diamond on the table, returned to hand with a spade to the King, and ruffed another diamond. Coming to hand again via the Ace of spades, he cashed the Ace of hearts, conceded two tricks, a heart to West's Knave and a diamond to his Ace, and claimed ten tricks.

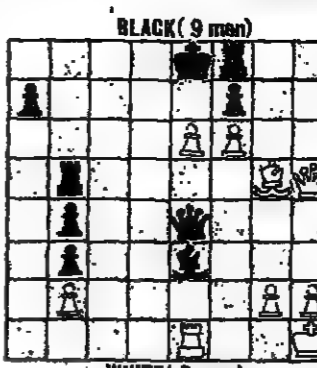
White: A. J. Miles (England). Black: E. Keogh (Ireland). Opening: Giuoco Piano (Amsterdam zonal 1978).

1 P-K4, P-K4, 2 N-KB3, N-QB3, 3 B-B4, B-B4, 4 P-B3, N-B3, 5 P-Q3, P-Q3, 6 P-QN4, B-N3, 7 P-QR4, P-QR3, 8 Q-Q, Q-Q, 9 B-KN5, B-N5, 10 Q-Q2, P-R3, 11 B-R4, P-N4 (weakening the K-side; sounder is K-Q2 followed by N-Q1-K3), 12 B-KN3, N-KR4, 13 B-R2, Q-B3, 14 N-B4, B-R2, 15 N-K3, B(R2)N; 16 P-B3, N-B3, 17 P-KN, Q-K2, 18 R-B2, B-K3 (trying to simplify, but Black's game is difficult due to the gaping weakness of his KB3 and

KB4): 19 N-R2, B-B3, 20 R(1) xB, Q-K3, 21 N-N4, K-NP, 22 N-B6, N-K2, 23 R-N1, N-N1, 24 N-R5 ch, K-N3, 25 R-B5, P-KB3, 26 Q-N4, K-B2, 27 Q-R1, Q-B5? (After defending well in a poor position Black finally cracks under the pressure. After 28... QR-Q1, 30 P-Q5, Q-B1 White can establish his knight at K6 with good chances but the win still has to be proven); 30 P-P, Resigns.

Now Black sees that if 30... Q-P3, 31 R-P ch! K-B2 (PxR; 32 Q-Q7 mate); 32 R-Q7 ch, K-N3; 33 R-N7 mate.

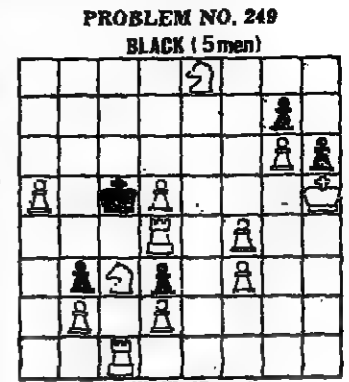
POSITION NO. 249



BLACK (9 men)

Tal v. Mikhailchishin, USSR championship 1978. The finish to this game shows why ex-world champion Tal (White, to move) has the reputation of a chess conjurer who can find a tactical coup in the most unpromising position. A rook down and with a bishop threatened, Tal is lost, but both players were short of

time and Tal spotted a resource which his opponent didn't see coming till it hit him. How did the game finish?



WHITE (12 men)

White moves in three moves at least, against any defence (by K. A. L. Kubbel, Schachmaty 1937).

Solutions Page 14

With both sides vulnerable, West dealt, and after three passes South bid one club. North responded with one heart on his three-card suit, which was quite intelligent. South rebid two no trumps, and North raised to three.

West cashed King and Queen of spades, South false-carding with eight and Knave, and continued with the Ace. He then switched to the heart Knave. The declarer saw that the contract was cold if the clubs broke, but in case they did not, he ducked the heart Knave to rectify the count for a possible squeeze against East.

East must have the heart King, because West, who had passed originally, had already produced ten points. On the heart continuation South took dummy's Ace, and cashed his three diamonds. This left a five-card position in which dummy had the heart Queen and four clubs, East the heart King and four clubs, and South the spade ten and four clubs. The declarer cashed his spade ten, and East with only busy cards had no good discard.

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Saturday January 6 1979

1979: in like a lion

"GOOD MORNING," said Eeore, "If it is a good morning, which I doubt, it would be idle to pretend that 1979 has opened in anything but a chillingly discouraging fashion, with strikes, extensive settlements and weather problems at home, damaging confusion in Iran, disarray in Europe, riots in Turkey and only an uneasy calm in the Middle East. The stolid reception of all this trouble in the markets may be read as admirable sang froid, or simply as post-holiday lethargy."

It is of course important to keep all these problems in some kind of perspective. The U.S. experts who, according to a newspaper report earlier in the week concluded that "the world can survive an Iran shut-down" were stating the obvious. In Britain the experience of a fairly prolonged three-day week a few years ago taught us that apparent catastrophes can prove a good deal less fruitful than they seem, and the actual loss of output caused by temporary shortages of commodities or transport is likely to be quite small by the end of the year.

Political stability

The serious threat from Iran is not to world survival or even to world output, but to political stability in a sensitive region, to particular customers such as Israel and South Africa, and to the international credit markets. The list is still worryingly long and serious.

Our own domestic problems can equally be over-dramatised. We may face some extremely unpleasant disputes in the weeks to come. It remains to be seen whether the miners, after a large rise in income, are as militant as some of their leaders; but the local authority workers, who suffered relatively in stage 3, since their 10 per cent was much more genuine than the average, may well prove as impatient as the transport drivers, and some of them have the power to cause serious problems.

A rising level of settlements, underwritten by rising retail price inflation (actually the rate of suit of weather and high interest rates) may provide new restiveness among groups who have already settled. The breakdown of an incomes policy is always a messy and inflationary business—this is one of the strongest reasons for distrusting such policies.

However, to talk of disruption and excessive settlements is not the same thing as talking of a return to the sort of disaster which befell the country in 1975. The large rise in real incomes in 1978 has not pacified the militants, as those who

believe in economic management might hope, but the evidence so far suggests that it has reduced the scale of the subsequent explosion. Average wage increases still seem likely to be lower than last year, and if the Government is prepared to stand up to enough unpleasantness in the public sector, the average could still be substantially lower. Coupled with rising North Sea output, this could keep the exchange rate relatively stable (though uncomfortably high for exporters). The damage now being done may be seen as much in a sharp setback in growth as in any rise in inflation.

Public spending

The closely-balanced political situation does encourage the hope that the Government will be resolute in facing excessive wage demands, because the tactics pursued by some unions have made the whole movement so unpopular. It is the Government's resolution on the monetary and fiscal front which some people in the City are beginning to question in an election year. This is probably simply because there has been a holiday lull in firm speeches, and may do less than justice to the Prime Minister's personal commitment to the firmest anti-inflation policy he can contrive.

The first clear evidence of the Government's future intentions should appear before the end of the month, in the form of the White Paper on public spending. A tight hold on the growth of public spending is the key to our hopes of long-term improvement, because only this can reduce the borrowing requirement without a renewed attack on real incomes in the private sector, with a renewed and militant response. The gilt market, which is at present discounting a continued borrowing requirement on high for comfort, and a return to inflation in low double digits, will watch developments here as closely as those on the wage front.

Longer to achieve

If there is any realistic consolation to be found, it lies in looking beyond our immediate problems to the longer term. In this country, and still more in the United States, public opinion has swung decisively against special-interest considerations, and in favour of economy, efficiency and lower taxes.

The change to more realistic policies has already gone some way in this country, and is now helping some recovery in the dollar. A real redirection of policy will take longer to achieve, and still longer to produce results, but it is not yet round temporary obstacles, we do seem to be on the right road.

End to High Street price war in sight

By DAVID CHURCHILL, Consumer Affairs Correspondent

THE PROMOTIONAL offensive in Britain's High Street supermarkets—now being launched by Tesco, J. Sainsbury, and the Co-Operative stores—in spite of the pressure on supplies caused by the lorry drivers' dispute—does not mask the fact that the fiercely competitive price war of the past 18 months is now largely over.

The deep price-cutting tactics employed by the major supermarket multiples—which have undoubtedly helped bring down the inflation rate—are now at an end in spite of the Elm plus advertising campaigns.

Instead, 1979 will be a time when the supermarket chains start to consolidate the market shares they have achieved during the past year and a half. Clearly, both Tesco and Sainsbury have emerged as joint winners of the price war. Their sales turnover and volume, profits and market share are all up by substantial amounts. But this success has been achieved without inflicting—as has been expected—irreparable damage on their major High Street competitors. The losers, however, have been the small regional supermarket chains and independent grocers which have been unable to keep pace with the major multiples.

The price war—which cut food bills by as much as 5p in the £ during 1978—is drawing to an end not only because the major multiples have achieved their marketing objectives of high volume and market share, but also because operating and raw material costs are certain to rise over the coming months. Such costs include a 20 per cent wage deal for supermarket staff agreed last November and currently being implemented, higher wages for distribution workers and the prospect of increased fuel charges, as well as a steady rise in food costs. The percentage rise in food prices remained within single figures for the whole of the past year. However, some supermarket chiefs believe that pressure from the manufacturers for higher margins—as well as the effect of the weather on food crops—is likely to push the rate of food price inflation back into double figures.

Their cost increases mean that the supermarket chains have very little flexibility to finance new price cuts by reducing their profit margins further. The 18-month price war was sparked off by Tesco's decision to drop trading stamps and divert the money "saved" to cutting prices—but the decision was strengthened by its willingness to make an additional cut in group margins to boost its own sales volume. The other supermarket groups were forced to follow suit and finance all their price cuts from profit margins, although International Stores and a few others also dropped trading stamps.

This year, however, the supermarkets cannot afford to do this. With net profit margins at just below 3 per cent for the major multiples—and significantly below this for the rest—there is no room left for manoeuvre on prices.

The actual outcome of the price war was, in many respects, decided within the first six months after Tesco dropped Green Shield stamps immediately after Jubilee Day in June, 1977. The decision to drop stamps and start the war—with no guarantee of winning it—was the result of a culmination of events.

Tesco, which had been in the vanguard of aggressive supermarket retailing during the 1960s under Sir Jack Cohen—famous for his policy of "pile them high, sell them cheap"—began to lose momentum during the early 1970s with growth in profits slowing down.

A new breed

At the same time a new breed of young, professional managers was emerging at the top of the company, typified by Mr. Ian MacLaurin. He was Tesco's first managing director who was not a member of the Cohen family.

Tesco realised that the sharp increase in inflation during the mid-1970s had made customers extremely price sensitive. In addition, it decided that pressure on operating margins and continued competition in a static market for food, meant that the lost profits and low margins were the name of the game for the end of this decade and the early 1980s.

At its simplest, the retailing strategy behind a price war is that by cutting prices (and profit margins), sufficient extra sales can be generated in the short term at least to cover the lost profits and at least produce some real growth. But, more important, if the extra volume of sales can be maintained after the initial price cutting offensive, then a return to more realistic profit margins will mean substantially higher profits.

At the same time, increased volume (and thus market share) in a relatively static overall market is achieved at the expense of the company's competitors. Such a strategy sounds simple, but it suffers from one potentially disastrous flaw. If the price cuts do not lead to sufficiently larger sales—which because of the fickleness of consumers can happen for various reasons—the company's profits suffer and it has to struggle to regain its former position. Many an ambitious market leader has floundered after the failure of an aggressive price-cutting campaign.

This was the gamble facing Tesco in the summer of 1977. Its decision to top 4 or 5 per cent points off gross margins and cut prices across the board could, it was felt, either be the springboard for rapid growth in the following decade, or make Tesco, with its substantial property and trading assets, a vulnerable target for takeover.

Mr. MacLaurin and his colleagues were in no doubt about the size of the gamble they were taking and that they were laying their jobs firmly on the line. While housewives—and the

media—welcomed Tesco's price cutting with open arms, Tesco's High Street competitors generally appeared to believe that the move would quickly burn itself out. Sainsbury's, probably Tesco's closest rival, was in any case hampered from making an initial response because of industrial action at its distribution depots.

Yet while Tesco's own distribution system was strained almost to breaking by the initial success of its price-cutting campaign, under the marketing slogan "Operation Checkout," it swiftly achieved both the sales growth and market share, greatly strengthening its position.

After the first six months, sales had increased by 40 per cent over the corresponding period in 1976 and—more important—the company had boosted its market share by an unprecedented 50 per cent, from around 8 to 12 per cent of the packaged grocery market.

It was this initial market success, which Tesco candidly admits exceeded even its own targets, that laid the basis for its eventual "victory" in the High Street. It has managed to maintain—and slowly increase—its share of the packaged grocery market and its financial results for the first half of the current financial year show both sales and pre-tax profits up by just over a third each. The interim pre-tax profits of £18.8m—up from £10.3m—were a record for a half year.

However, after it became clear that Tesco's price-cutting campaign was more than a "flash in the pan," the battle was on among the other High Street supermarket groups to launch their counter-offensives. Of these, Sainsbury's "Discount 78" campaign has been the most successful. Sainsbury's allied its traditional reputation for quality and value for money with extensive and well publicised price cuts in basic commodities.

Within a few months of launching its counter-offensive last January, Sainsbury's share of the packaged grocery market jumped from around 8 per cent to about 10.5 per cent. While not as spectacular as Tesco's leap, it was still a remarkable achievement in terms of the grocery market. Sainsbury's market share has since crept up to almost 11 per cent and the company says that when fresh foods are taken into account, its total share of the market is probably equal to that of Tesco.

Sainsbury's interim financial results also showed sharp increases, with pre-tax profits up by almost a quarter to £16.6m and sales turnover up by more than 28 per cent.

The crucial fact, however, is that both Tesco and Sainsbury, by a combination of aggressive marketing, deep price-cutting, sound distribution, and efficient management, have pushed themselves to the front of the market and are determined to stay there. With their higher volume sales they have also been able to maintain their grip on the market. They can

afford to keep prices fairly stable and are not under as intense pressure as other supermarket chains to improve net margins. Consequently, Sainsbury's this week relaunched its discount campaign—as "Discount 79"—and on Monday Tesco starts a new promotion under the "Checkout" banner.

Neither campaign promises housewives across the board price cuts. Instead, they are both aimed at highlighting special promotional offers and, in particular, reinforcing in the public's mind the image of Tesco and Sainsbury's as the cheapest places to shop. The importance of consumer loyalty—evident in such a competitive area as food retailing—is shown by Marks and Spencer's success in increasing food sales in spite of a deliberate policy not to engage in price-cutting. Marks and Spencer's goods may be dearer than those in the High Street supermarket.

However, the market leaders' determination to hang on to their market shares by keeping prices as competitive as possible means that the rest of the major chains see little chance of edging prices and margins upwards.

While none of Tesco's and Sainsbury's major rivals can feel entirely happy with its market performance during the past 18 months, because they have been virtually forced to follow the trading patterns laid down by the market leaders—most supermarket groups are satisfied with at least having held on to their market share.

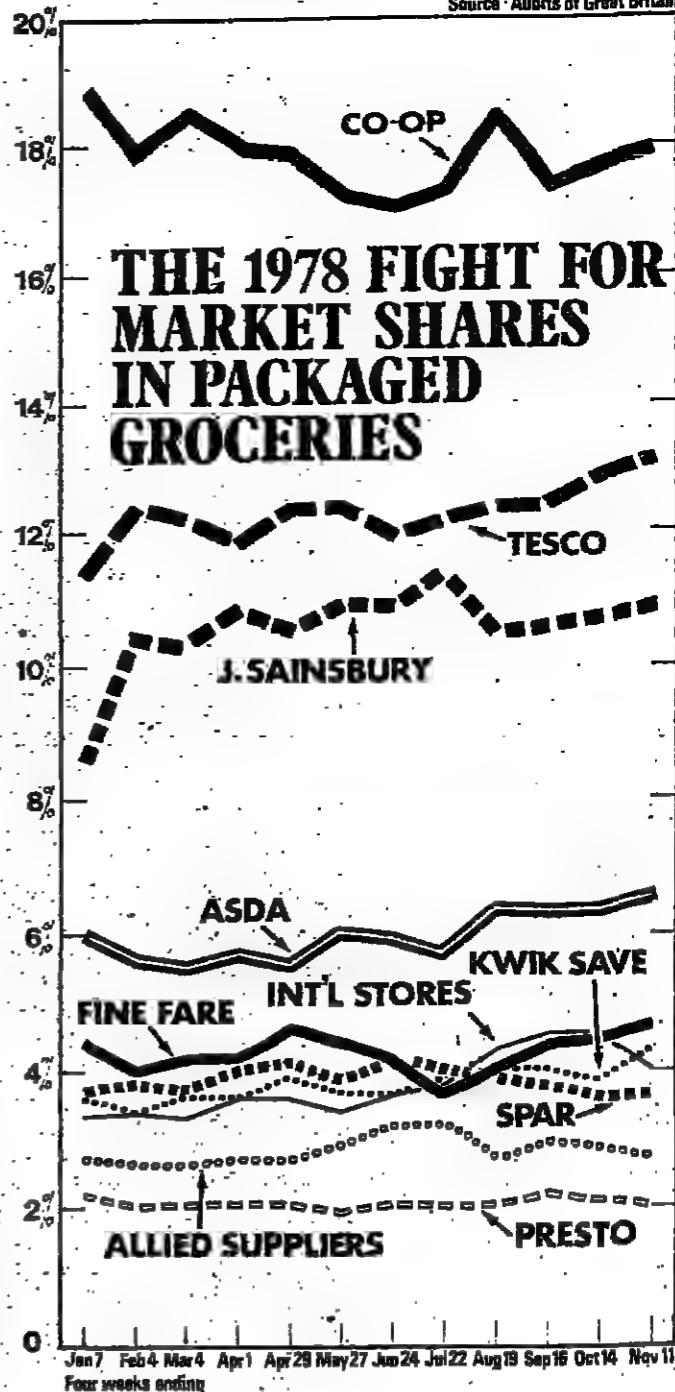
Although none of these multiples has succeeded in creating its own strategy to challenge the leaders—and international in particular has had severe management problems—the surprise has been the failure so far of the Co-Operative stores and Associated Dairies' Northern-based Asda chain to achieve a successful counter-offensive.

Pre-tax profits

Asda is the challenge that both Tesco and Sainsbury's appear to fear most, but it only managed to increase its market share during 1978 by 0.5 per cent, to 10.5 per cent, leaving it well behind the leaders. But Asda's pre-tax profits rose by more than a quarter and sales by 29 per cent in value. In its past financial half-year, this performance shows that the leaders' concern about Asda's challenge is justified.

The Co-Operative stores, although still the biggest supermarket group in terms of turnover, with reduced operating expenses and to vary their product mix to include more non-food items, such as clothes and household goods. These have substantially higher profit margins than foodstuffs. More than one-third of Tesco's total selling area is now devoted to non-food sales, although Tesco does not as yet give sales and profits breakdown for goods other than food.

Tesco's and Sainsbury's market growth has not been achieved at the expense of their main rivals, but of the independent and small grocers. There



are about 73,000 of these in the UK, compared with 7,000 multiples and 8,000 co-operatives, but the independents' share of the grocery market slumped last year from 19.3 per cent to 17.7 per cent. Some trade sources suggest that the pressures in the High Street are so intense that as many as 20 small shops are closing down each week, and there are no signs that the rate of closures is easing.

At the same time as the short-term battle for market share in the High Street is being waged, a longer-term, and probably more important, conflict is taking place. This is about how the supermarket chains can open up new large supermarkets or superstores—anything from 25,000 sq ft to 100,000 sq ft. Larger stores enable their owners to achieve greater volume with reduced operating expenses and to vary their product mix to include more non-food items, such as clothes and household goods. These have substantially higher profit margins than foodstuffs. More than one-third of Tesco's total selling area is now devoted to non-food sales, although Tesco does not as yet give sales and profits breakdown for goods other than food.

The supermarket's problem is finding the right sites and persuading local authorities to give planning permission. The rivalry for some prime sites, especially in the lucrative South

of England—is believed to be as intense and bitter as the more open warfare in the stores. In the immediate future, however, the supermarkets are equally concerned with what happens to consumer spending. Food sales showed a 3 per cent rise by volume in the latter part of 1978, compared with a decline of 4 per cent in 1977. This has helped to ease the competitive pressures on the supermarkets because higher total volume means that individual competition for a bigger market share need not be so great.

But most traders do not expect the upturn in food sales to continue as strongly during 1979 and the overall surge in consumer spending—which affects supermarkets' non-food sales—could peter out during the year.

This would intensify the pressure on the supermarkets which will become increasingly anxious to improve both gross and net profit margins. With Tesco and Sainsbury still in the driving seat, this may be hard for many chains to achieve. This is good news for the housewife.

Ironically, however, the current wave of panic buying by consumers who fear a shortage of groceries if the lorry drivers' dispute worsens is likely to come as a welcome sales boost for many smaller stores which might otherwise have faced a bleak start to the year because of the marketing campaigns launched this week by the major supermarkets.

Letters to the Editor

Wages

From Mr. R. Bonnet

Sir—I wonder what your new readers in Frankfurt and Zurich will think of a Government whose leaders pontificate about the need to keep wage increases to 5 per cent while top civil servants, heads of public service industries and sundry Quango personalities are to receive increases of up to £8,000 this year—and possibly more by 1980? I doubt whether they will take the line—rather popular with some commentators here—that these salaries do not compare well with those paid to German, Swiss and other continental civil servants. They are much more likely to argue that the wage differentials between a Swiss railwayman and the Director General of the Swiss Federal Railway is less steep than that prevailing here. They are also likely to observe that the British Civil Service and our nationalised industries, taken as a whole, have not been very successful in the conduct of our national affairs and that their leaders have not earned the increases which they have now adjudicated themselves. As to the Government's claim that it is fighting inflation by keeping wage increases down to a few "special cases"—when "top people" are allowed to contract out of the wage freeze—I fear that they will put this down to English hypocrisy.

Ralf Bonnet,
Sorby, Kiln Lane,
Bingley Heath,
Bingley-on-Thames.

Reserves

From Mr. W. Whalley

Sir—You report (December 29) that oil stocks stand at 72 days consumption. It is to be hoped that this figure is more realistic than the similar one given to Parliament in 1977. Only later did it appear that the Government's advisers were including non-available stocks in tank bottoms, pipelines, process plants and road tankers, which

although nominal assets, could not be drawn down in emergency. It then transpired that 70 days nominal stocks represented about 40 days usable. W. C. R. Whalley,
105, High Street,
Bungay, Suffolk.

Funds

From Mr. H. Wolanski

Sir—Mr. Cutler (January 2) seems to have missed the point made in my previous letter. Mr. Cutler would apparently like to see the pension fund investment returns which appear in various performance tables broken down between the income and capital constituents. This is because Mr. Cutler perceives investment income to be "hard cash" whereas the change in capital value is merely a paper figure.

It may well be of interest to trustees to break down the total return on their own pension fund into the separate income and capital constituents and there are at least two broadly-based performance measurement services which provide this information for the participating funds. It is difficult, however, to see the significance of applying this approach to comparative performance tables for the reasons explained below.

An income return can be calculated in two ways—relative to the book value of the assets, or relative to the market value of the assets. Any return based on book values is completely useless for comparative purposes because of distortions caused by the timing of the purchases, that is, two pension funds holding identical investments would show a different return on book value if the investments were bought at different times in the past.

The alternative is to calculate the income return relative to the market value of the assets. In the context of Mr. Cutler's argument this would seem illogical since the asset value would actually include the unrealised capital gains or losses, which he wishes to exclude from the calculation. In

a broader context, I just cannot see the merit of being told that a total performance ranking of (say) 48 out of 100 funds was caused by a ranking of 12 out of 100 as far as investment income is concerned and 68 out of 100 as far as capital gains or losses are concerned.

Mr. Cutler seems to regard total returns for a particular pension fund of minus 30 per cent in 1974 and plus 65 per cent in 1975 by themselves as "almost meaningless." I would fully agree with this, but suggest that if these returns are shown in the comparative context that the majority of pension funds achieved a return of between minus 28 per cent and minus 4 per cent in 1974 and between 35 per cent and 78 per cent in 1975 then they are of considerable interest.

Hyman Wolanski,
Harris Graham and Partners,
30, Queen Anne's Gate,
Westminster, SW1.

Advertising

From Mr. J. Scarlett

Sir—Probably most people will agree with your correspondent Mr. H. Dodsworth (December 29) who says the BBC should take in advertising to help it make money, with industry actively financing film and TV subjects. On behalf of the few I concede that this could come to pass. When it does the next step will be the "commercial break." American style, and I doubt Mr. Dodsworth would see much wrong with that. The "money is there," as he says, pointing to TV's "per cent rise in profits." (Equally one could point to the healthy progress of the Sun, compared with many other newspapers.) Annan came down on the side of quality, i.e. the kind of programmes that sustain the BBC's world reputation and help it regularly to scoop all the awards. Who would finance this? The taxpayer.

Not long after ITV was born the editor of Punch described it as the worst tragedy to hit Britain since World War II. He

said it was something that was "imposed on an intelligent nation." Now, a generation later, (say) 48 out of 100 funds was caused by a different set of values. A sociologist could develop this theme.

To oppose the armies of Mr. Dodsworth is to swim against the tide. Hence his praise of "Royal Heritage" and "Ascent of Man," which "an advertiser would be happy to be identified."

Excellence takes different forms, however. So one shares the doubts of the imagined industrialist asked to finance the superb "Voyages of Charles Darwin."

John Scarlett,
Spring Harbour,
Royal Oak Lane,
High Wycombe,
Cuckfield, Sussex.

Mail

From Mr. R. Hedge

Sir—While I am sure the Newcombe correctly refers (January 2) to the delays being occasioned in postal deliveries, perhaps he will cherish a crumb of comfort by my pointing out that the Post Office actually allowed letters to be handed over Post Office counters early in December for specific delivery on Christmas Day and were cancelled with a special cancellation. Posted in advance. For delivery on Xmas Day. But as all philatelists will know this service was withdrawn in 1969 and as far as I know no plans are in hand to revive it.

Ronald Hedge,
Grange Side,
Cleveland Road,
Worcester Park, Surrey.

Aces

From Mr. G. Gammon

Sir—John Barrett is an acknowledged authority on the game of tennis whose views should clearly be treated with due respect. Nevertheless, I cannot help thinking that in placing Jimmy Connors ahead of Bjorn Borg in his 1978 world ranking list (January 2) he has not given sufficient weight to a

number of factors which, in my opinion, tip the scale in favour of Borg.

I believe he underestimates the latter's achievement in winning at Rome, Paris and Wimbledon and reaching the U.S. final—a feat achieved previously only by Hoad in 1956 and surpassed only by Laver in 1962. Moreover, in winning the French Open, he conceded only 32 games in 21 sets. His defeat of Connors in the Wimbledon final was probably the most comprehensive ever inflicted in a major event on a great player in his prime, whereas it is generally accepted that Borg played his losing U.S. Open final with an injured hand.

Another factor which weighs heavily in Borg's favour is his fine Davis Cup record, in retaining unbeaten in singles in 4 ties. Connors' Davis Cup record is almost non-existent and one wonders why this undoubtedly great player continues to shun not only the Davis Cup but other major events like the Italian and French Opens.

I was puzzled by Mr. Barrett's reference to "one major championship to each man." Borg won two "Grand Slam" tournaments and Connors one. In other major tournaments Connors won in Philadelphia while Borg won in Rome and had to scratch through. Injury in Dallas. If it be he would have played Gerraulet and Dibbs, to neither of whom had he ever lost in tournament play. Geoffrey Gammon,
The Mail,
Surrey.

Licences

From Mr. R. Goldstein-Jackson

Sir—While I accept that the BBC deserves the recent increase in the TV licence fee (and more), surely something should be done to correct the possible wrongful method of collecting such "monies" along with similar licence fees such as those for motor vehicles. My wife bought a car on January 23, 1978 and promptly

purchased the appropriate licence—but this expired on the last day of December, 1978. Yet the licence is supposed to be an annual licence—surely 342 days do not make a year?

The same applies to TV licences: if someone buys a TV set on, say, January 30, 1979, he will find his licence expires on the last day of December 1979—i.e. he has paid an annual fee for 335 days! True, the Post Office counter clerk will probably recommend such a person to wait until February before purchasing a licence—but why should someone "run the risk of breaking the law" (by not having a TV licence) simply to ensure he gains a full 365 days for his annual licence? Nor is it reasonable to expect people to time their purchase of cars and TV sets so that they acquire them only on the last or first few days of each month.

The Wireless Telegraphy Act, 1949 does not specify a particular period for which a TV licence applies (it merely states that such licences apply for a period "as may be prescribed by regulations"), but later statutory instruments relating to TV licences have described it as being an "annual fee." Since 335 days do not make a year, can all the millions of people who must have suffered under this means of licence collection expect a refund? If not, why not? The total sum involved of "over payments" on TV and vehicle licences must amount to many millions of pounds. Perhaps the Office of Fair Trading might like to pursue this matter?

I am not complaining about the cost of the licences involved, but the injustice: that what is described as an "annual licence" is, under the current collection practices, nothing of the sort. Surely it must be quite simple (and, with computer technology, not much more difficult administratively) to make TV and vehicle licences expire on the same day of the month one year after purchase. K. G. Goldstein-Jackson,
7, Leinster Gardens, W2.

The exception that could prove to be your rule.

THE FAMOUS GROUSE
FINEST SCOTCH WHISKY
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Matthew Grogan & Son Ltd.,
Perth, Scotland
ESTABLISHED IN 1800 AT THE SAME ADDRESS
TO PROVE SCOTCH

Quality in an age of change.

'Then Glasgie belongs tae me'

By RAY PERMAN, Scottish Correspondent

YOU ARE COMING out of Glasgow Central station when a caricature of a man, dressed in a tartan kilt, with an open half-bottle of whisky wrapped in a paper bag, is thrust into your face, demanding to know which Glasgow football team you support. The man is shouting and shouting, and you are shouting back, "I don't know, I don't know, I don't know."

The story is apocryphal but not all that fanciful. In the industrial west of Scotland—in Northern Ireland—such questions can be designed to find out more than just your views on soccer. Some are more subtle than others, but just as an Ulsterman might ask who your doctor is or which dentist you go to in Glasgow, you might be asked which team you support, which foot, you kick with (Catholics are called "left footers" by some Glasgow Protestants) or which school you attended. The intention is the same: there is no desire to inquire after your health or the state of your education. The purpose is to establish whether you are a Catholic or a Protestant.

Just as in Ulster, the difference between the two is not so much a difference of religion but of class. Cliff Hanger, the Glasgow writer and broadcaster, recently observed that the gangs of children roaming Protestant housing estates chanting obscene slogans against "Paps" or "Tins" and scrawling threats of violence on walls do not know what it is in the Catholic faith they are supposed to object to. The same

Ban dropped

Nevertheless, sectarian discrimination disfigures Scottish society and although there have been improvements, there is a marked reluctance by the country's leaders, political and religious, to tackle the problem head on.

an assurance from Mr. William Waddell, the general manager, two years ago that the club would drop its policy of employing exclusively Protestants, there has still never been a Catholic at the Ibrox ground either as a player or in any other capacity.

Positive action

The club says it no longer asks a man's religion when he is interviewed for a job, but after years of exclusion it is hardly surprising that Catholics do not apply. Without some positive and determined action by the club to support him, it would take a very brave man to decide to become the first non-Protestant on the Rangers' payroll. The change to non-discrimination is not impossible. Celtic made that some years ago.

The effect that Rangers' policy has on its supporters cannot be easily assessed. Religion does not cause violence between football fans, but it certainly provides another excuse for it. There have been horrifying attacks by supporters of one club on those of the other, but the violence is not confined to the terraces. The experience last week of a friend of mine is not uncommon. A drunk who started the journey singing the praises of Rangers football club ended it by menacing other passengers and demanding to know which of them were Catholics.

In other aspects of Scottish life discrimination still exists, although it is not so marked as it used to be. There is, for example, virtually no discrimi-

nation in housing, although it is still possible to guess the religion of some people from the areas in which they live. And in employment Catholics are no longer excluded from skilled jobs or from management. Yet vestiges of the old attitudes still remain. The managing director of a large shipyard told me: "The days when we would not employ a Catholic in any position higher than a foreman welder are now gone. We have some in management now. But I can't help a bit of a start when I come across them, it's just my upbringing I suppose."

It is not only in the cities that prejudice and intolerance are seen. Parents in the tiny west highland village of Shiel-doch threatened to take their children away from the local school (a move which could have forced the regional council to close it) because the new teacher had once been a member of the Catholic church, and in May last year on the Isle of Skye two Protestant ministers walked out of a religious education conference organised by senior pupils at a local school because there was a Catholic on the platform.

There are 820,000 Catholics in Scotland, one in six in the population. The high concentrations in Glasgow and West Central Scotland date from the Industrial Revolution, when immigrants from Ireland made common cause with poor Highlanders of the same religion who were driven to the cities by the 18th century Clearances of crofters. The Reformation had dislodged the Catholic Church from its place in the South of the country, but it did not reach more remote parts of the Highlands and Islands, which remain largely Catholic to this day.

Catholics feel the effects of intolerance most. In an opinion poll two years ago, 45 per cent

of Catholics said they thought religious differences were a serious problem in Scotland, whereas only 38 per cent of Protestants thought that it was. Of those professing no religion, 56 per cent agreed that the divisions were serious.

The same poll also found that nearly seven out of ten Catholics were opposed to denominationally segregated schools, which many believe perpetuate religious distinctions and tensions. Yet the Catholic Church in Scotland maintains a steadfast defence of Catholic schools and insists that that is where practising Catholics should have their children educated. Most do. Of 85,000 Catholic children in Glasgow and Dunbartonshire, only 1,000 attend non-denominational schools. The main Protestant Church in Scotland, the Established Church of Scotland, does not maintain its own schools, but the existence of a Catholic school in an area automatically means that the nearby state school will be virtually exclusively Protestant.

Some sympathy

There is a wide consensus outside the Catholic Church that separate schools hinder progress towards better understanding between religions and a lessening of the tensions that now exist. But there is also some sympathy for the reasons the Catholic Church clings to its right to demand separate education—and probably more important—a wariness about crossing swords with such a powerful interest group.

The Catholic church rejects the assertion that segregated schools perpetuate divisions and believes that children can only be brought up properly in the faith if they are taught by people who themselves believe in it and have an understand-



Hundreds of fans invaded the pitch at Hampden Park, Glasgow a few years ago as Celtic players paraded with the Scottish League Cup after beating Rangers in the local derby match. A notice warns fans about carrying bottles or any other missiles.

ing of it. The church also fears that the trend in state schools is to downgrade the importance of religious education. The Church of Scotland would like to see separate schools abolished, but only with the co-operation of Catholics. It shares some of their fears about religious education in secular schools but nevertheless sees segregation as contributing to the continuation of harmful and unnecessary differences. However, this official attitude is not universally accepted within the Church of Scotland. Rangers' Protestant-only policy was first attacked in "Bush," the magazine of the Church's Glasgow Presbytery, but the editors found themselves under attack from some of their fellow Ministers who saw nothing to criticise in the football club's actions and were willing to overlook the influence they were having on impressionable young fans.

In private, the political parties in Scotland support the abolition of the segregated school system, but in public they fudge and smother the issue to avoid the risk of losing

the Catholic vote. The Catholic working class in Scotland has traditionally identified with the Labour Party. An opinion poll in April 1978 showed that at a time when Labour had 41 per cent support from the electorate as a whole, it commanded 70 per cent of the Catholic vote. This loyalty, coupled with the high proportion of Catholic families in the West of Scotland parliamentary constituencies that make up a vital part of Labour's strength, explains why the party is anxious not to disturb its relationship with the Roman Catholic hierarchy and why other parties, particularly the Scottish Nationalists who desperately need to win seats in the West of Scotland, prefer to remain non-controversial.

Little desire

At its last conference in Dundee, for example, the Labour Party had a vigorous debate in which many delegates pointed to a link between separate schooling and sectarian friction. The party went on to declare itself in favour of start-

ing moves to end the system, yet its members who control the important regional education authorities, Strathclyde and Lothian, have shown little desire of implementing that policy. Similarly the SNP is against segregation, but its policy statement adds: "There is no commitment by the party other than to seek a solution agreed by those concerned." An attempt at the 1977 conference to strengthen the party's stand was heavily defeated after several speakers pointed to the risk of losing Catholic support in vital areas. An MP said to me after the debate: "It may not have been morally right to defeat the amendment, but it was good politics."

If a Scottish Assembly is set up later this year it will be able to discuss the problem, for it is the type of issue that a devolved assembly can tackle better than a remote legislature. There are also moves underway to review the place of religion in the curriculum. But the prospects for change do not look good—an end to the sectarian divide in Scotland still seems a long way off.

Weekend Brief

Driving force

If the striking lorry drivers are facing a chilly time on the picket lines this week, they can console themselves with the thought that life is equally tough for some of their official union leaders.

Jack Ashwell, national secretary of the Transport and General Workers Union responsible for the road haulage industry, has faced remarkable pressure during the past fortnight in his efforts to keep the lorry and tanker drivers' negotiations—and his members—on the spot.

Unlike many industries there are no neutralised negotiations conducted by an employers' association on behalf of all the oil companies and the union negotiators have to hold separate talks with each management, often in a very concentrated period of time. One day last week Ashwell, sustaining himself by coffee and snacks, conducted a marathon 22-hour session with Shell which continued right through the night until dawn on the next day.

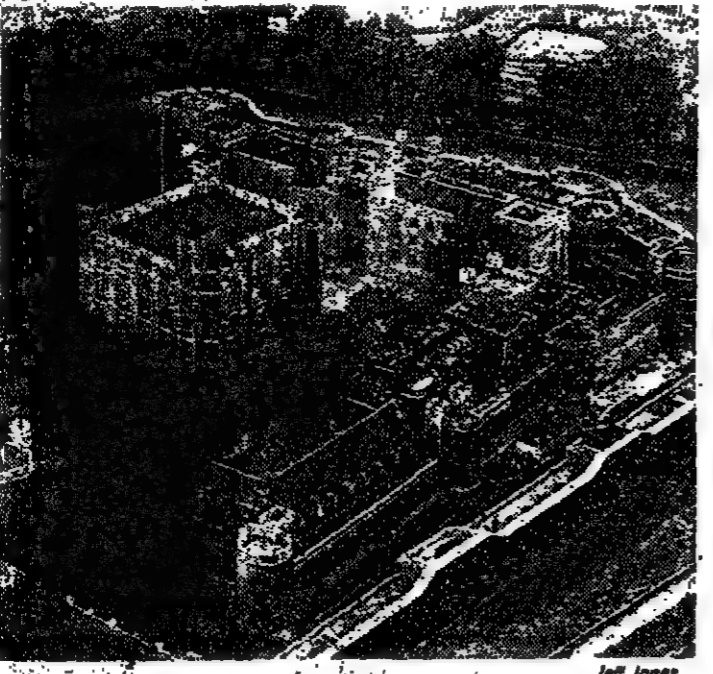
He then went immediately to BP for more or less the same hours before going to his Stevenage headquarters home to catch up on a little sleep. He set off again early next morning for another day with Esso and Mobil management and spent several hours with the latter.

The lorry drivers' negotiations with improvements in the pay by one company being used as a base to build upon the negotiations taking place at the others.

All the time Mr. Ashwell was tied up with the oil companies he had to keep in touch with the problems of the Road Haulage Association lorry drivers, and this is where most of his attention is now being concentrated.

Ashwell, a 45-year-old married with two children, was a regional FAW official in the North for 10 years before coming to London as a national secretary two years ago. Earlier in life he worked as a busman and, before that, on a tug—his limited spare time is being devoted to building a model of the vessel at the moment.

For a frequently arduous and demanding life Ashwell, 51, and his fellow trade union officials are comparatively modestly paid. As a national secretary of the TGWU he gets around £6,500 a year and the rate for the job in a number of other unions is well below this.



The Tower holiday lock-out.

ago a life in America's show-biz newspaper, Variety, suggested that "everyone knows that London rolls up its sidewalks at midnight" when commenting on the lack of London night life. Now, it seems, we pull the shutters down at holiday time too.

Yesterday the London Tourist Board entered the fray with a few nasty comments about the capital's struggling to get abroad. "We deplore this closing of major attractions at times when residents and visitors are able to enjoy them," says the LTB's Rodney Scrase.

The Board thinks several times before being over-critical these days. Not quite a year ago it publicly suggested that London might be "full" and tourists should stay away one weekend—and the fury of hoteliers was amazing to behold. "This time, however, Scrase is happy to name names. High on his list of villains is the Tower of London, "closed for five days during a period of 10 days."

The Board has been looking at its holiday homes in London and the south-east and found that only 22 out of 152 were open at the tail end of December. Warwick Castle and Woburn are praised for staying open come snow, hail or festive holidays.

Says Scrase: "We cannot allow outmoded ideas of Sunday off for everyone, including those who provide the leisure amenities to take hold and harm the product we offer. In the same way we must not just pay lip service to our marketing goal of extending the season, but back it up by encouraging and assisting attractions to stay open for the greater part of the year."

Full house

Benjamin Sonnenberg, the celebrated pioneer of public relations whose clients included the movie mogul Samuel Goldwyn, CBS, Beecham, Philip Morris and many others, died in September, leaving instructions to auction his house and its contents.

In Gramercy Park, an English-style square, the 37-room mansion is regarded as one of the last "great town houses" in New York still lived in by a private family.

Given the chosen setting, it is not surprising that his collection, assembled over 45 years, was distinctly Anglophile and Edwardian. His private movie theatre rivalled those in Hollywood and comfortably seated 50 people.

Sonnenberg, highly recognisable with his walrus moustache, Edwardian-style clothing and bowler hat, was a party-giver for business, the arts, politics and society.

His taste was in many ways developed through his business relationship with banker Robert Lehman. They would often be seen together on gallery walks and on calls to London dealers.

Peter Wilson, Sotheby Park Bernet's chairman, will be making the arrangements for the sale of the house and the auction of the contents. The series of sales from June 8 to 9 in New York is "expected to be one of the most glamorous Manhattan auctions in modern times."

Sonnenberg moved into the house in 1931, just as his career was taking off. Both the Sonnenbergs were avid brass collectors, she always searching for a bargain in the "Flea Market," and he heading for the leading dealers on 87th Street.

People say that the collection is so personal and varied that it would never have worked in any of the other beaux arts mansions uptown. Although Mr. Sonnenberg was known to say that he spent his career making people famous, his would never be a name that would last. He saw his house and collection as "getting for his lifetime, and he left instructions that it be dismantled at his death.

Contributors:

Alan Pike
Hugh O'Shaughnessy
Caroline Hyde
and Arthur Sandles



The summit retreat: cheap parric and sunshine.

TODAY—Second day of talks between leaders of U.S., UK, France and West Germany at Guadeloupe.
SUNDAY—Mr. James Callaghan, UK Prime Minister, expected to have separate meeting with President Jimmy Carter of the US for private discussions on the worsening situation in Rhodesia and the prospects for reviving an Anglo-American initiative. Increase in British Rail fares by about 9 per cent.
MONDAY—Provisional December figures for wholesale price index.

Economic Diary

TUESDAY—Rail pay talks resume at British Rail headquarters, Marylebone, London. London clearing banks' monthly statement (mid-December). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-December). Hire purchase and other instalment credit business (November). Retail sales (November—final).
WEDNESDAY—Monthly meeting of the National Economic Development Council. Mrs. Margaret Thatcher, Conservative Leader, is guest speaker at luncheon of British Chambers of Commerce, Savoy Hotel, London—major speech expected covering problems of industry and commerce and the pay policy. Trades Union Congress economic committee meets, Congress House, London. Central Government financial transactions (including borrowing requirement) (December). Gross domestic

product, personal income, expenditure and saving (third quarter).
THURSDAY—Statement by Association of County Councils on Government's local government proposals. Housing starts and completions (November). Provisional figures of vehicle production (December).
FRIDAY—First regular Concorde flight to Dallas, Texas, leaves Heathrow, London. Retail prices index (December). Usable steel production (December). Building Societies' receipts and loans (December).

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Stead and Simpson leaps 54% to £1.47m. midway

PRE-TAX profits of Stead and Simpson, footwear retailers and motor trader, were boosted by just over 54 per cent from just over £1.47m in the half-year to September 30, 1978. Turnover was up by nearly 28 per cent to £13.6m, against £10.7m.

The Board says turnover on footwear trading rose by 23 per cent in the third quarter, and on motor trading by 32 per cent. First-half turnover on footwear was up 22 per cent at £5.08m, and on motor trading it rose nearly 37 per cent to £5.54m.

The interim dividend was raised from 0.40p per share to 0.70p. But the Board says the increase is partly to reduce disparity, and must not be taken as an indication of the total distribution for the year. Last year's final was 1.6493p.

Sale of the group's former headquarters at Bolgrave Gate and Mansfield Street, Leicester, was completed in November.

	1977-78	1976-77
Turnover	13,619	10,672
Footwear	5,080	4,154
Motor	8,539	6,518
Trading profit	1,474	954
Footwear	542	341
Motor	932	613
Int. charges less inv.	21	55
Income	1,453	909
Pre-tax profit	1,474	954
Tax	708	489
Profit after tax	766	465

comment

It has been a bumper year for footwear retailers. Demand has been such and throughput well up on previous years. Stead and Simpson has set about exploiting the boom to the full. Profits from footwear are almost 50 per cent ahead of last year's first half and margins have jumped from 12.7 per cent to 15.5 per cent. Its products are towards the cheaper end of the market with about 35 per cent of sales coming from imported Italian and Far Eastern manufactured shoes. Unencumbered by a manufacturing operation of its own it is doing much better than others in the sector. On the motor trading side, mar-

gins have also improved, although there were some delivery problems earlier in the period. Aided by bright pre-Christmas trading, the growth in sales has continued into the third quarter and the group looks set for a full year pre-tax figure of around £3.4m. The shares, which closed 2p up at 46p yesterday, are selling on a fully taxed prospective p/e of 7.9. Being a close company its dividend is not restricted by the current controls. Assisted by fully taxed earnings the prospective yield is 9.4 per cent.

S. Heath ahead at six months

The directors of Samuel Heath and Sons report taxable profits ahead of £355,000 for the half year ended September 30, 1978, against £268,000 and expect the full year's results to be better than last time.

Pre-tax figure for the 1977-78 year was £511,268, just off the previous year's record profits.

Turnover for the first half was up from £1.3m to £1.45m and included £553,197 (£582,100) exports. Tax for the period took £185,000 compared with £137,000. Business has continued at an encouraging level, the directors say, but they view the medium term with more caution in the light of uncertainties in some export markets.

Heath manufactures brass and other metal products.

BRITISH ASSETS

For the period November 1, 1978, to December 15, 1978, holders of £688,633 of British Assets Trust 5 per cent convertible loan stock 1973-98 ex-

posed their right to convert their stock into 1,339,270 ordinary shares.

Knott Mill on way to profit

AFTER INCURRING a loss of £102,000 in the second half of 1977-78 Knott Mill Holdings, carpet retailer, has cut the deficit to £39,000 in the first 24 weeks of the current year.

The directors state that this result is in line with expectations and since August 14 further progress has been made towards a return to profitability.

The group came to the market in November 1972 and in the year 1972-73 a profit of £414,097 was reported. Profits slumped to £186,120 in the following year and in 1974-75 a loss of £346,508 was shown. The group showed profits in the following two years with £96,888 and £10,651 only to run into losses again in 1977-78 with a deficit of £182,000.

The directors state that despite the current improvement it is not considered prudent to pay a dividend—the last payment totalled 1.315p in respect of 1973-74.

Turnover (excluding VAT) in the first 24 weeks expanded from £1.74m to £2.34m. The result was struck after interest of £24,000 (£34,000) but before an extraordinary credit of £158,000 (£13,000 debit).

REDLAND
Redland Braas Corporation—jointly owned by Redland, the UK building materials group, and Braas and Co. of West Germany—has concluded its US\$26.2m acquisition of Automated Building Components of Florida.



Lord Kissin, chairman of Esperanza Trade and Transport

First half increase for Esperanza

PROFITS before tax of Esperanza Trade and Transport amounted to £1.74m in the six months ended September 30, 1978—this represents an improvement on the £1.67m achieved in the corresponding period of 1977-78 and an increase of £831,000 on the second half of that year.

The six months results incorporate the effect on profits of the anticipated indemnification of the group's Nigerian companies, only 40 per cent of the profits before tax of these companies have been included. For comparison purposes, the figures for the six months ended Sept. 30, 1977 have been adjusted to reflect this change and the effect is to reduce earnings by £46,000 in this period.

	1978-79	1977-78
Turnover and less:	19,324	17,766
Pre-tax profit	1,742	1,670
Taxation	781	745
Net profit	961	925
Dividend	259	233

The directors point out that profits from copper operations made a very small contribution in results (£20,000) against £70,000 and it is anticipated that these operations will cease in the coming year without materially affecting the company's trading position.

After providing for tax and minorities half year earnings came through at £868,000

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

Strategic share stakes in two property companies helped to stimulate market interest in the sector yesterday. British Land has increased its holding in Churchbury Estates from just under 10 per cent to 20 per cent. And Union Corporation has added a further 250,000 shares in the 200 shares in Capital and Counties Property Company, increasing its stake to 29.58 per cent.

Mr. David Cohen, British Land's finance director, explained yesterday that the group had simply taken the opportunity of buying a line of 70,500 Churchbury shares in the market some weeks ago. As with the other key shareholdings that British Land has built up in smaller property companies in the past year (including a 29 per cent stake in City Offices) Mr. Cohen echoes the words of his Chairman, Mr. John Riblat, in saying that the group is simply "keeping a watching brief on the Churchbury shares." Mr. Riblat has made it clear that the group's share dealing activities are essentially opportunistic. He is content to keep open the options of simply holding the shares, trading them on, or using them as a springboard for a bid. Churchbury shares closed at 54p last night showing a 27p rise over the week.

If British Land's intentions towards Churchbury remain obscure, Union Corporation's attitude to its stake in Capital and Counties is crystal clear.

Mr. J. M. Scott, director of Union Corporation (UK) and an alternate director of Capital and Counties said, yesterday that the

BIDS AND DEALS

British Land picks up more Churchbury shares

DIVIDENDS ANNOUNCED

	Current payment	Date	Corr. Total	Total
Esperanza Trade	2.2	April 2.28	5.78	5.84
J. F. Nash	3.28	Feb. 2.68	5.78	5.18
Schlesinger A. Inv. Inst.	0.7	Jan. 31	—	2.11
Stead & Simpson	0.7	Feb. 31	0.48	—

Dividends shown pence per share net of other otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Party to reduce disparity. § Gross throughout.

Corporation is "very happy" with its share stake and that it has "no present intention" of either increasing its holding above the 30 per cent bid "trigger" or of selling its shares. Union Corporation's latest purchase of 250,000 Capital and Counties shares was completed on December 29, a matter of weeks after acquiring 2.53m additional shares. It now holds just 0.42p per cent short of the crucial 30 per cent with 22.7m shares. Mr. Scott says that "I can safely say that the level we will hold at." Capital Counties shares closed 13p up yesterday at 68p.

NO PROBE
The proposed acquisition by Electronic Rentals Group of British Relay Wireless and Television is not to be referred to the Monopolies Commission.

ASSOCIATES DEAL
S. G. Warburg and Co., as an associate of General Electric Company, sold on behalf of discretionary investment clients 2,900 ordinary shares of 25p.

Hoare Govett, official broker to Stanley Gibbons International, bought 1,657,000 Gibbons at 300p on behalf of Kleinwort Benson. Also bought 2,500 Gibbons at 289p on behalf of an associate.

CRODA ACQUIRES BURRELL STAKE
CRODA INTERNATIONAL has acquired a 7.87 per cent stake in Burrell and Co., manufacturers of Burrell and Co.

Croda's chairman, Sir Frederick Wood, said yesterday that at present he had no intention of bidding for Burrell, but he would not rule out the possibility some time in the future. Such a bid would depend on the approval of the Board.

Westminster Property merger

BY JOHN BRENNAN

Westminster Property Group has agreed merger terms with an unquoted British property company.

Westminster, which has been in negotiations with the privately owned company since August, called for the suspension of trading in its shares yesterday ahead of a formal announcement of the deal on Tuesday.

In a statement prepared by Westminster and Dawney Day, its merchant bankers, the group explains that its share listing has been temporarily suspended at the directors' request "As talks regarding a major acquisition of WPC of a private company holding properties and cash have now reached an advanced stage."

Mr. R. A. G. Edwards, Westminster's chairman, said yesterday that he was happy that discussions with the private company had reached a point where he could present the proposals to his shareholders.

He felt that changes in the nature of the proposals since August made the deal more attractive. Westminster's shares were suspended at 26p.

STRAITS S/S BUYS INSURANCE STAKE

Straits Steamship Company has bought 300,000 shares of SSI each 10 per cent of the paid-up capital in Sun Alliance Insurance (Singapore).

Sun Alliance Insurance (Singapore) is a subsidiary of Sun Alliance Insurance Group.

the newly-formed Singapore subsidiary of Sun Alliance Insurance Group, started business on January 1, 1979. The new company takes over operation of the Singapore office of the Alliance Assurance Company.

Other local partners are Mr. Ang Keong Lan, Lee Rubber Co. (Malaya) and United Overseas Bank.

Straits is already involved in insurance and re-insurance broking through its partnership with Sedgwick Forbes Pte. and the agreement with Sun Alliance Insurance strengthens the group's interest in the insurance industry.

The Straits Steamship Company is a subsidiary of Ocean Transport and Trading, the Liverpool-based international shipping, transportation and distribution group.

SALE TILNEY PURCHASE

Sale Tilney has agreed to purchase 51,000 ordinary shares (51 per cent) of James Marshall (Glasgow) for £214,863. The consideration will be satisfied by the allotment of 122,474 Sale Tilney shares and £93,660 cash.

Marshall is based in Cumberland and is a maker of a wide range of cereal products, including semolina and macaroni products. The Sale Tilney directors consider that the acquisition of this majority interest will

broaden the activities of the group's food division and lead to greater profitability.

Sale Tilney will also purchase the 1,000 Marshall 5.6 per cent cumulative preference shares for £10,000 and 51,000 deferred shares for £510. The net asset value of Marshall at December 31, 1977 was £418,546 and the audited profit before tax for the year ended on that date was £87,772.

S. T. has also acquired an option to purchase the balance of the issued ordinary share capital of Marshall within one month following the issue of the audited accounts of Marshall for the year to November 30, 1981.

OFFICE-BUILDING CHANGES HANDS

Keyser Ullmann Pensions Management has purchased an office building in Lower Richmond Road, Richmond, from banking company agents of Stevens, Seaman and Partners.

The property, known as Clifford House, totals 4,400 square feet on three floors and is let to Kinetics Technology International, an engineering group, at a current rental of £40,000 per annum.

The price paid for the freehold, interest reflects an initial yield of around 8 per cent. The audited Ribbit and Co. and Goldstein Leigh Associates acted on behalf of the purchasers.

Gailey interim helps Nash Securities to reach £0.8m

For the year ended September 30, 1978, profits before tax of J. F. Nash Securities reached £841,000—the result does not include the Gailey Group following transfer of its business, although the year profit takes in the interim dividend of £300,000 received from Gailey.

In 1977-78, the Nash group earned profits of £757,000, including £288,000 earned by Gailey. Earnings per share are shown at 16.59p (15.54p) and a final dividend of 3.375p (3.125p) of 5.77p—the directors had earlier forecast a total of not less than the previous year's 5.175p.

Results of the Reliant Motor Company have not been consolidated this time, in accordance with the accounting policy adopted in 1977 following the acquisition of the 77 per cent holding in the Reliant Motor Group.

Prospects for the current year are encouraging, the directors say. The group will not, of course, receive any further dividends from Gailey but there is every indication of a recovery at Bapark, the packaging subsidiary, which encountered difficult trading conditions during 1978 and returned much reduced profits.

comment

Nash's scheme of arrangement this summer by which it sold the Gailey subsidiary in Black and Edgington and passed on the proceeds to shareholders was certainly good news for short-term investors. It has left a gaping hole, however, in the company's trading profit. This does not yet show up at the pre-tax level but since the £300,000 interim is a one-off payment next year's results may feel the draught. Nash, in fact, intends to make a

major acquisition in the current year to replace Gailey—in view of the high gearing (about 7:1) a deal will probably be settled primarily to the company's paper. Meanwhile, figures from the existing activities are somewhat mixed with the important packaging and engineering companies a bit disappointing but encouraging signs apparent in the second half from construction and brick manufacturing. Comparability with 1977 is impossible because of the different spread throughout the group of management costs and interest charges. Besides Gailey the overall picture is further complicated by the absence of previous associate profits of £183,000, a first time contribution from WCC of £71,000 and a 13 month result (previously seven months) from the RMG engineering companies. With the shares at 74p the p/e of 4.3 and yield of 12.2 per cent reflects the uncertainty.

come from the distribution of constructional and decorative sheet materials and ceiling systems, primarily to the property reparation and home improvement markets. He says that signs of a slow recovery are to be seen, with buoyant conditions in 1980-81.

Heavitree Brewery profit up

TURNOVER of Exeter-based Heavitree Brewery improved from £2.69m to £3.05m in the year ended October 31, 1978, and pre-tax profits were higher at £534,000 compared with £448,000 in the previous year.

Tax takes £304,000 against £254,000 leaving net profits at £230,000 compared with £192,000.

The final dividend, payable on March 10, is 12.448p per £1 share making a total of 16.448p against 16.803p.

The company is unquoted and has close sales.

Good year for Nevill Long

After payment of a disturbance claim arising from a move to new warehouses and offices in Dagenham, pre-tax profits for 1977 of the Nevill Long Group, sheet metal distributors, were £103,083.

Turnover increased 51 per cent to almost £2.5m, and a record trading profit of £80,171 is reported. Accumulated revenue reserves stand at £181,284.

Mr. Hedley J. Meek, chairman, states that the results are particularly gratifying against the background of a depressed construction industry. The main growth within the group has

come from the distribution of constructional and decorative sheet materials and ceiling systems, primarily to the property reparation and home improvement markets.

He says that signs of a slow recovery are to be seen, with buoyant conditions in 1980-81.

The directors point out that profits from copper operations made a very small contribution in results (£20,000) against £70,000 and it is anticipated that these operations will cease in the coming year without materially affecting the company's trading position.

After providing for tax and minorities half year earnings came through at £868,000

Mr. E. R. Keeling, the chairman of Elson and Robbins in his annual statement, says the directors are confident that should there be no serious deterioration in the economic climate the group will maintain and strengthen its activities.

In the year to September 30, 1978, the company turned in record sales and trading profits. A year ago the company's turnover was up from £12.85m to £15.54m and trading profits rose from £1.74m to £1.8m.

Mr. Keeling says Domestic

Industrial Pressings has the greatest potential for growth within the group. Between the financial years September 1978 and September 1978 sales leapt from £2.75m to £7.5m. This has been achieved by the successful entry into the consumer durable product market with the range of LPG products.

However last year profits slipped from £774,487 to £702,918. Earnings were affected in the second half when there were production and tooling problems as the group introduced additional models to strengthen its market share.

Corrective action has been taken, says Mr. Keeling, and production is now running at record levels. The product range is well established and the group's share of the domestic market continues to improve.

At Thomas K. Webster (UK) the group has started on a substantial expansion plan after a year of consolidation. A freehold site of 5.5 acres close to the present factory has been acquired, and phase one of 52,000 square feet at a capital cost of £450,000 has begun. Mr. Keeling says they expect to move into the new premises this summer. New product lines will be coming on stream and the prospects are most promising.

A steady year is forecast for the parent company, Elson and Robbins, which last year pushed up profits from £223,082 to £303,337.

Shareholders of Henry Wigfall and Son will be looking for a strong interim profit figure when results are announced on Wednesday. A year ago the company announced a first-half loss of £353,000 before tax and Comet Radiovision seized the opportunity to mount a £12.5m bid for the company. The bid was only just beaten off. While rallying shareholder support the Wigfall Board forecast a £1.2m pre-tax figure for the full year. The actual figure of £1.7m bettered this comfortably. In August the company indicated that the 1978-79 figure would be materially better than 1977-78. Analysts have forecast around £2m for the full year but will revise the figure downwards if the expected strong positive first-half result does not materialise.

A takeover bid has thrown a spotlight on the interim figures of ceramic tiles group, Johnson-Richards, which are due on Wednesday. Earlier this month Norton announced plans for a £25.5m bid for the company which was promptly rejected. The company said that the latest figures would show a significant

Confident outlook from Elson and Robbins

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Substantial rise for Bass Investments

Sales of Bass Investments, a member of the Bass Charrington group, were £386.2m for the 53 weeks to September 30, 1978 against the previous year's £374.5m and taxable profits came out £13.1m ahead at £88.9m.

Profit figure was after borrowings for the period of £400,000 (£1.1m) and was subject to tax of £13.6m, compared with £23.9m which was adjusted in accordance with changes in accounting policy.

As last time the dividends at £31.9m.

Results due next week

With the Christmas and New Year festivities over, the number of companies reporting results in the coming week is starting to increase. English China Clay's final figures next Thursday will probably reflect the squeeze on margins brought on by the company's inability to get worthwhile price increases over the past two years. Westland Aircraft, where final results are due on Wednesday, is also expected to produce a figure much lower than last year. Insurance group, Hogg Robinson, is likely to post an improved interim result as is Johnson-Richards and Henry Wigfall.

Two years without a price increase is the main reason why analysts are expecting a sharp downturn in English China Clay's profits next Thursday. City estimates rarely deviate from £23m which represents a 25 per cent drop on last year's £30.5m. Difficulties over pay demands and cruel weather struck the half-time profit, which

fell back from £13m to £8m and the company indicated an inevitable fall in profits by the year end. Although volume was up in the second half this indication still stands. However, the next year could be better due to a recent price rise and favourable currency trends.

Westland Aircraft's share price has been edging up since the opening of 1979 but analysts put this down to its inclusion on the London stock exchange rather than anticipation of the final figures. Most are reluctant to offer an earnings estimate but, when pushed, so far around £3m pre-tax (half last year's £5.8m). Labour problems and an unprofitable contract in the helicopter division are the main factors behind the poor performance. Interest is also focussed on the question of dividends. The interim was passed but there has been no disclosure of intention so far regarding the final.

Company	Announcement date	Dividend (p)	This year
Bentley's	Thursday	0.868	1.015
Caplan Profit Group	Monday	1.5	2.29
English China Clay	Thursday	1.7	1.812
Envisage International	Wednesday	0.78	1.32
Grange Trust	Friday	1.21	2.2488
Hickson and Welch (Holdings)	Thursday	0.6	1.05
Investors Capital Trust	Tuesday	0.6	0.7
McDonnell and Co.	Wednesday	5.0	6.35
M and G Ducl Trust	Wednesday	1.375	2.085
M and G Group (Holdings)	Thursday	1.5	1.812
Midland Industrial	Friday	0.27475	0.50533
Sidlow Industries	Monday	1.51118	1.87259
Siskis (Reel) Organisation	Wednesday	1.5	2.0
Westland Aircraft	Tuesday	0.363	0.76534
Winterbottom Trust	Thursday	0.8645	2.2124
	Wednesday	0.4025	0.83416
	Monday	1.179	3.635
Winterton-Hawes	Thursday	1.125	1.24

Announce- ment due	Dividend (¢)		This year
	Last year	Final	
Thursday	0.8689	1.015	0.767
Monday	1.5	3.29	1.5
Thursday	1.75	1.8312	1.325
Wednesday			
Friday	0.78	1.32	0.85
Thursday	1.21	2.2689	1.33
Tuesday	0.6	1.05	0.7
Wednesday	0.5	0.7	0.76
Wednesday	5.0	6.35	6.0
Thursday	1.379	2.086	1.512
Friday	0.6	0.827	0.52
Friday	1.5	4.51842	1.9
Monday	0.27475	0.50533	0.184
Wednesday	1.1115	1.9299	Nil
Tuesday	1.8	3.0	2.0
Wednesday	0.363	0.76534	
Tuesday	0.8845	0.8814	
Wednesday	2.4	2.2246	
Friday	0.4025	0.62126	
Monday	1.129	3.635	
Thursday	1.77	1.34	

NEW LIFE BUSINESS

Norwich Union pushes up premium income by 33% to record £53m.

Record sales of life insurance last year is reported by Norwich Union. Insurance sales of Britain's leading mutual life companies in 1978 on world-wide life business amounted to a peak of £53m—33 per cent higher than in 1977 when it came to £40m. New sums assured totalled over £2.4m compared with £1.9m in the previous year.

New annual premiums in the UK on ordinary life contracts rose dramatically by 45 per cent from £12.5m in 1977 to £18m last year. Sales of ordinary with-profit endowment contracts, a pure savings vehicle, were almost double last year, an unusual feature compared with many other life companies, which are reporting fairly static business for this type of contract.

Sales of low cost endowment assurances, used for mortgage repayment, were about one-third higher, reflecting the buoyant house purchase market in 1978. Those life companies with strong connections with building societies have also reported strong growth in this sector. The other successful sector for individual business was in the multi-linked field. This was aided by a consistently good investment

performance in the various funds available. All funds were seldom out of the top six places for performance. Sales of single premium bonds doubled in 1978 to £20m. Annual premium business in this field also doubled but was still at a comparatively low level.

The company, in common with most other pension companies, benefited from the introduction of the new State pension scheme. New annual premiums for pensions advanced by 45 per cent from £16.5m in 1977 to £24m last year. The individual pensions market for executives was also buoyant with premiums 30 per cent higher.

New annual premiums of business last year for Scottish Equitable Life Assurance Society rose by nearly 50 per cent from £9.5m in 1977 to £14.5m in 1978, with the growth spread fairly uniformly among most sectors of business. The company benefited from the introduction of the new State pension scheme recording £10.7m of annual premiums. For self-employed pensions business premiums amounted to £2.2m. In the individual life assurance market, the company had some success with its new flexible endowment contract launched during last year.

However, single premium business declined last year from £13.5m to £12.1m. This decline arose from a drop in immediate annuity business, the company marketing aggressively for this type of policy in 1977. Total new sums assured were 34 per cent higher at £255m from £188m in 1977 and new annuities per annum rose from £27.4m in 1977 to £42.7m last year.

The company took £5.2m of single premiums and £0.5m of annual premiums in the first six months of operation of its pension managed funds subsidiary.

However, much of this came from the company's own staff pension scheme.

A successful year for self-employed pensions business is reported by the Scottish Mutual Assurance Society where new annual premiums jumped by 114 per cent to £11m. Group pension business was 30 per cent higher at £2.6m and ordinary individual life business 28 per cent higher at £3.2m. Overall new annual premiums increased by 39 per cent from £8.5m in 1977 to £11.8m.

Single premiums and annuity considerations rose slightly from £2.1m to £2.7m. Overall new sums assured amounted to £35m, compared with £15m in 1977, while new annuities per annum totalled £18.2m against £13.5m.

Scottish Amicable Life Assurance Society reports a growth in 1978 of 13 per cent in annual premiums on new business from £14.3m in 1977. But in the ordinary branch, new annual premiums were 41 per cent higher at £3.05m against £2.17m, securing new sums assured of £17m compared with £8.9m.

Record new life business is also announced by the Star Group for 1978 with world-wide new annual premiums jumping by 27 per cent from £18.5m to £23.5m. Net new sums assured amounted to £1.9m compared with £1.3m in 1977.

New annual premium income on UK business during 1978 amounted to £19.04m against £15.55m in 1977. The majority of this growth came from group pension business, including the managed fund subsidiary. New annual premiums amounted to £15.7m against £13.6m in 1977.

However, single premium business last year fell dramatically against 1977. This drop arose from the company's decision to keep a low profile in the guaranteed income bond market. It only sold £2m of bonds last year compared with £4.5m in 1977.

Hay's Wharf confident

THE INCREASINGLY wide spread of interests, some of which are showing signs of growth, should provide improved stability and strength to meet unforeseen problems, says Mr. David H. Burnett, chairman of The Proprietors of Hay's Wharf. In his annual report, Mr. Burnett adds that if in the coming year liquidity can be further improved the company more than ever should be favourably placed to develop its business divisions.

The return on capital invested and earnings per share have improved after the major disposals of loss-making and low-yielding assets in 1977.

Mr. Burnett says this process is not yet complete. Losses in Belgium have still to be eliminated and further sales of low-yielding assets have to be made.

He adds that the Belgian companies in the storage and distribution divisions incurred unacceptable losses and corrective measures are being taken. The oil and chemicals side had been operating in recession conditions but still managed to improve its profitability. The division is looking forward to broadening its activities during the year.

Important growth in the activities and profits of the business services division followed the acquisition of Dacokop, at the end of last year. It is anticipated the division will produce an increasingly significant contribution to group profits.

Profits were well maintained in the real estate sector despite sales of £2.5m during the year. The group's freehold and leasehold land held for investment were professionally revalued at £19.5m. Mr. Burnett adds that this supports a directors' valuation of £19.6m showing a surplus of £8.8m over the 1977 figures.

The marine services division maintained profit levels despite difficult trading conditions.

In the year to September 30, 1978, group pre-tax profits jumped from £2.93m to £4.55m. At the net attributable level there was a turnaround from a £2m deficit to a £2.54m surplus.

Using Indian accounting, trading profit before tax and extraordinary items of £4.6m is reduced by £1.7m. The reduction arises from £1.9m additional depreciation, a £200,000 cost of sales adjustment and £500,000 gearing adjustment credit.

Allen Harvey & Ross Investment Management Ltd. 45 Cornhill, London EC3V 3PB. Tel: 01-523 6314. Index Guide as at January 4, 1979

Capital Fixed Interest Portfolio 100.22

Income Fixed Interest Portfolio 100.52

CLIVE INVESTMENTS LIMITED 1 Royal Exchange Ave., London EC3V 3LJ. Tel: 01-383 1101.

Index Guide as at December 19, 1978 (Base 100 on 14.1.77)

Clive Fixed Interest Capital 129.92

Clive Fixed Interest Income 114.50

SUMMARY WEEK'S COMPANY NEWS

Bids and Deals

The Bids and Deals sector was enlivened in the first week of 1979 by the announcement of a £28.8m takeover approach by Norcross, the diversified industrial group, for ceramic tile manufacturer H. and R. Johnson-Richards Tiles and by the emergence of the two previously unnamed suitors for Anglo-Swiss Holdings and Kean and Scott.

The Norcross move comes about seven months after an offer for Johnson-Richards worth around 137p from Hepworth Ceramic lapsed on reference to the Monopolies Commission. Norcross has stated provisional terms of five of its own shares plus 360p cash for every six J-R, worth 132p per J-R with Norcross at 86p. The approach has received a cool reception from J-R, but the company is willing to participate in talks the background of which will be coloured by the announcement on Wednesday of J-R's interim results and the knowledge that shareholders holding about 35 per cent of the equity stated their interest in any offers over 125p per share.

Loss-making screws and fasteners manufacturer Anglo-Swiss Holdings has disclosed a £1.4m bid from Armstrong Equipment, the automotive products and industrial fasteners concern. The deal is worth 54p a share cash, or five Armstrong shares for every six Anglo-Swiss. Armstrong has 44 per cent of the equity, but it was announced yesterday that Hawthorn Leslie had increased its stake in Anglo-Swiss to just over 10 per cent by purchasing 150,000 shares at 59p each.

The unknown bidder for Kean and Scott, the furniture maker and retailer with interests in short term finance facilities is Mr. Mervyn Levin, a Bournemouth businessman who has household textile interests. The chairman of Kean and Scott and certain associates have sold 214,782 shares (£11.4 per cent) for 10p a share to give Mr. Levin a controlling interest. Under the takeover code, Mr. Levin will be bidding for the rest of the equity at the same 10p per share which compares with a market price of 25p.

After more than three years research into the do-it-yourself market, W. H. Smith is paying £12m cash for Homecentre, the LCP Holdings' chain of stores. W. H. Smith intends to actively develop and expand Homecentre operations.

Following its recent £50m acquisition of A. B. Dick, General Electric is further extending its U.S. interests by acquiring Houston Electronics of New Jersey for U.S.\$9.5m (£4.65m).

Company bid for Value of bid share** Price** Bidder Acct'ce date

Prices in pence unless otherwise indicated.

Johnson Richards 132 132 109 28.8 Norcross

Tile 10* 28 12 0.04 Mr. Mervyn Levin

Kean & Scott 143* 133 112 11.4 Rank Org.

Leisure Caravans 300* 295 215 4.41 Ladbroke

Myddleton Hotels 69 66 54 2.26 Ferguson Indust.

Peage of Birmingham 71 70 84 12.39 Harrisons & Crossfield

Sabah Timber 100* 100 84 4.88 Argus Press 29/11

Trident Group 8* 8 11 1.74 S. W. Beristford

Printer Turner Curzon 67 64 53 6.89 E. Priest

Warwick Eng. 41* 41 40 2.46 Mr. N. Gidney

Westinghouse Brake 95 90 82 40.5 R. W. K. Siddly

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already bid. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 4/1/79. †† At suspension. ††† Estimated. §§ Shares and cash. †††† Based on 5/1/79.

PRELIMINARY RESULTS

Company Year to Pre-tax profit Earnings* Dividends* (p) (p) (p) (p)

B'ham Pallet Oct. 375 (143) 12.8 (6.8) 6.25 (5.6)

Band St. Fabrics Sept. 481 (441) 8.2 (7.8) 2.3 (2.6)

Camford Engrs. Sept. 2,250 (1,820) 12.1 (9.8) 3.99 (3.57)

Ward (Thos. W.) Sept. 11,321 (7,609) 11.9 (7.3) 4.73 (4.08)

INTERIM STATEMENTS

Company Half-year to Pre-tax profit Interim dividends* (p) (p) (p) (p)

Canter Oct. 341 (131) 0.52 (0.75)

Fodens Oct. 98 (1,280) — (—)

Hollis Bros. June 1,000 (1,030) 1.3 (1.18)

Howden Group Oct. 2,870 (1,560) 2.04 (0.93)

Linford Hldgs. Nov. 3,500 (2,947) 5.0 (3.0)

Somptons Oct. 129 (138) — (—)

Tomkins (F. H.) Oct. 717 (568) 0.5 (0.35)

Wilson Watkin June 219 (457) Nil (1.0)

(Figures in parentheses are for corresponding period)

Dividends shown net except where otherwise stated.

* Adjusted for any intervening scrip issue. † Including special dividend due to change in tax rate. ‡ The board intends to declare this dividend in March.

Davenport's cautious

The service and product range of Davenport's Brewery (Holdings) puts the company in an improved position to face the exigencies of an uncertain economic climate, states Mr. J. G. Swanson, chairman.

Prospects for the current year are viewed with cautious optimism, as they were last time.

As known pre-tax profits stood at £1.56m for the September 30, 1978 year against £1.45m previously.

Capital spending at £1.79m in the year continued at the higher levels forecast, but was within the context of the group's overall strategy of planned growth and development.

In particular, the company has increased its canning capacity which has continued successfully and has contributed significantly to the group's overall prosperity.

Additionally, the greater part of that capital spending has been on the traditional licensed house sector which is now beginning to show the growth in contribution and volume sales which are required.

RIGHTS RESULTS

The rights issue by Andrew R. Findlay Group of 8 per cent convertible cumulative redeemable preference 12 shares at par has been taken up in respect of 192,963 shares. Equity Capital for industry underwrote the issue and now holds 407,087 shares.

The last date for splitting, fully paid, is January 17 and the last day for registration of renunciations is January 19. Definitive certificates in respect of the shares will be dispatched on February 16.

The rights issue of 722,168 ordinary shares by John Foster and Son has been accepted in respect of 572,425 shares (70 per cent).

America—down but not out.

The American Stock Market failed to consolidate its advance in 1978—because of the excessive growth of the money supply, rising interest rates, the level of inflation and the weakness of the dollar. However, these factors could well reverse in 1979 due to a slowing of the economy.

The American economy is still the largest and one of the strongest in the free world. America is the world's leading advocate of private enterprise, so that the prevailing atmosphere for business is favourable.

The diversity of the American economy means that some sectors will achieve a markedly higher rate of growth than the economy overall. This is especially true in the case of the smaller emerging companies which are well represented in the Gartmore American Trust.

In addition, there is reason to believe there are large sums of institutional money, both in the U.S. and abroad, which could be available for investment in American securities.

For these reasons Gartmore believes that equities in America, at present levels, offer the prospect of substantial gains over the medium to long term. You can take advantage of this opportunity by investing through this offer of units in Gartmore American Trust.

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With American investment professional management is all-important. Gartmore Fund Managers Ltd. is able to call on the resources of its parent company, Gartmore Investment Ltd., which is responsible for investing over £650 million of funds in UK and overseas securities for investment trusts, insurance companies and pension funds. Gartmore also benefits from having its own office in the U.S.

Gartmore's high reputation in the City of London is one of the reasons why more than two-thirds of Gartmore unit trust sales come, not direct from the public, but through stockbrokers, banks, solicitors and other professional advisers.

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All applications will be acknowledged and certificates will be forwarded by the Managers within six weeks of receipt of your application.

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Gartmore American Trust is constituted and administered by a Trust Deed dated 22nd December 1975.

Income will be distributed on 22nd January and 22nd July each year.

Distributions are paid after deduction of income tax at the basic rate. Income tax can be reclaimed from the Inland Revenue if you are entitled to do so.

There is no initial management charge of 5% which is included in the price of units. Out of this the Managers will pay commission of 1% to authorised agents.

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If we enclose a remittance, payable to Gartmore Fund Managers Ltd. *For your guidance the offer price of Gartmore American Units on 4th January, 1979 was 26.3p.

Tick Box: If you want maximum growth by automatic re-investment of net income.

If you would like details of our Share Exchange Service.

If you are an existing unitholder.

(If you declare that you are not a resident outside the Scheduled Territories and that you are not entitled to any exemption from UK tax on capital gains, you will be able to opt for a declaration to be included and your application lodged through an authorised intermediary.)

SURNAME (MR. MRS. MISS) FIRST NAMES (IN FULL) ADDRESS

SIGNATURES (If there are joint applicants all must sign and attach names and addresses separately.) FT001AT

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COMPUTERS

FEBRUARY 19 1979

THE FINANCIAL TIMES ANNUAL COMPUTER INDUSTRY SURVEY will be published on February 19 1979

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Sumitomo in yen loan deal with Paris bank

By Charles Smith, Far East Editor, in Tokyo

SUMITOMO TRUST and Banking Corporation confirmed yesterday that it has negotiated a "back-to-back" foreign currency loan agreement with Banque Nationale de Paris and is negotiating a similar agreement with other foreign banks from the U.S., West Germany, the U.K. and Switzerland. Under the agreement, Sumitomo will provide long-term yen finance to the foreign bank in return for access to medium- and long-term dollar financing at prime lending rates. The agreement is understood to be the first of its kind negotiated by a trust bank.

Japan's eight trust banks have been anxious to increase their overseas long-term lending (an area in which the city banks have gained a substantial lead) but face the problem of accumulating long-term foreign currency funding for such loans. Conversely they are well placed to provide long-term yen finance to foreign banks with branches in Tokyo.

Yen funding has been a problem for the latter because of various restrictions imposed by the Japanese Government. The back-to-back arrangement pioneered by Sumitomo thus meets the needs of both partners and is expected to be duplicated in arrangements with other banks. Sumitomo declined yesterday to reveal the names of other foreign banks with which it is negotiating.

BHP lifts prices as steel activities improve

By Our Sydney Correspondent

AUSTRALIA'S only steel producer, Broken Hill Proprietary, is to lift its average-weighted steel price by 4.38 per cent on Monday. Announcing its first price increase since last May, the company said it was to re-evaluate its steel prices in the light of improved steel activities and material costs incurred since last February.

Under revised Government policy, the company does not now have to seek permission from the Prices Justification Tribunal before raising its prices, but Canberra sources said the size of the increase, coming on top of the latest 4 per cent wage indexation decision, might prompt the Prime Minister, Mr. Malcolm Fraser, into ordering a special inquiry.

The price move comes at a favourable time for the company, which admitted yesterday that it was expecting a solid improvement in its steel division when the group reports its interim figures next month.

By the time the company draws up its annual balance sheet for May 31, the steel division should again be contributing profits to the group. This would follow several years of losses, with the division recording a deficit of A\$52.13m (U.S.\$60m) for the 1977 financial year and doing little better last year with A\$45.42m loss.

BHP is now, however, unable

to meet all orders and this is likely to persist for the next six months. This situation has been brought about by a combination of industrial problems and the temporary closure of the Fort Kembla No. 5 furnace, the company's largest facility. The furnace resumed last month after a five-month closure for repairs and refit.

BHP's inability to fulfill all orders will affect its export book, where it has been particularly active and has been displacing operations in order to maintain production. Exports as a percentage of total sales should fall substantially this year, indicating a more buoyant local steel market.

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Bank of Montreal to close in Amsterdam

By Charles Batchelor in Amsterdam

THE Bank of Montreal plans to close its Amsterdam branch on March 31 after failing to generate enough business to cover operating costs. The branch, which was opened last year, had made an accumulated pre-tax loss of C\$1.75m (US\$1.47m) according to information provided by the bank to the clerical and bank staffs unions. The Bank of Montreal declined to comment yesterday but said that it would issue a statement if necessary.

The bank's own view is that the economic recession, inflation and the instability of the foreign exchange rates inhibited the development of diversified banking operations sufficiently to cover escalating costs. Revenues totalled C\$840,000 in 1978 against non-interest expenses of C\$1.13m. The return on funds employed has not met the bank's normal criteria for medium-term investments.

The bank has refused to discuss the reasons for the planned closure and has produced a redundancy plan not accepted by the staff of 15, a union spokeswoman said. The unions were not informed of the closure until just before Christmas and talks held earlier this week were "extremely unpleasant", the union said. Further talks are planned for next week.

The closure of the Bank of Montreal's Amsterdam branch will mark the end of a long unbroken period of expansion by foreign banks in Holland.

Major breakthrough as FCC mission supports ITT

By David Lascelles in New York

IN A MOVE with long-range implications for the U.S. telecommunications industry, the Federal Communications Commission is to permit International Telephone and Telegraph to compete with American Telephone and Telegraph in providing long-distance telephone services.

Although two small companies, MCI and Southern Pacific, already compete with AT and T in this field, the go-ahead for ITT marks the first major threat to what is virtually a monopoly run by AT and T, familiarly known as "Ma Bell". ITT was at pains to emphasise yesterday that its charges will be lower than AT and T's.

The FCC decision was not

arrived at easily. The Commission had rejected many of AT and T's arguments against admitting further competition, but it supported the company's demands for a hearing before the rules were changed. The matter was then taken to the Federal Appeals Court which ruled that the FCC must allow competition unless it determines that it is not in the public interest.

The FCC is now studying this question, but in the meantime is admitting new companies to the field, on the understanding that this position could be reversed later.

ITT's services, which are due to start in the next few months, will be aimed mainly

at the business customer who needs high capacity facilities for both speech and data transmission. Clients will reach ITT's lines via local AT and T lines by dialling a special code, and will then return to local lines to reach their parties at the other end.

ITT's services will operate to 11 cities: New York, Chicago, Philadelphia, Baltimore, Washington, Atlanta, Dallas, Los Angeles, Cleveland, Boston and Newark.

This development is particularly significant in the light of other electronics and communications companies' plans to develop business data transmission networks, in many cases by means of radio waves.

Renewed decline in Swiss bond market rates

By Our Financial Staff

INTEREST rates on the Swiss capital market have now fallen to their post-war low of the 1950's after the disclosure of terms for the latest new issue by the Canton of Bern.

The Canton is to borrow SwFr 35m over 11 years on a coupon of just 2.4 per cent. The offering is to be priced at 99.125, last month the Canton of Bern raised a 12-year loan at par on a coupon of 3 per cent.

Activity on the Zurich bond market has been remarkably firm over the past two weeks with the investing institutions in Switzerland responding to the challenge of their mounting liquidity. The most active

institutions are the insurance companies following the inflow of end of year premiums.

The Canton loan will be preceded by a SwFr 200m issue for the mortgage financing institute Pfandbriefzentrale der Schweizerischen Kantonalbanken which will have a 3 per cent coupon, but be spread over 15 years. Issue prices are also 99.1.

Like the Canton issue, this loan is basically a conversion operation with only SwFr 10m in new money included in the issue.

New issue activity in Holland centres currently on a Fl 300m offering from Amro Bank.

Straits buys stake in Sun subsidiary

By Our Financial Staff

STRAITS STEAMSHIP COMPANY has purchased 300,000 shares of S\$1 each — or 10 per cent of the issued and paid-up capital — in Sun Alliance Insurance (Singapore).

Sun Alliance Insurance (Singapore), the newly formed Singapore subsidiary of Sun Alliance Insurance group, began business on January 1, with an authorised capital of S\$5m (\$2.5m) and a paid-up capital of S\$3m. The new company takes over operation of the Singapore office of the Alliance Assurance Company.

The closure of the Bank of Montreal's Amsterdam branch will mark the end of a long unbroken period of expansion by foreign banks in Holland.

Grace bids \$130m for Daylin

By Stewart Fleming in New York

W. R. GRACE, the U.S. chemical and retailing concern in which the West German Friedrich Flick group has a 29 per cent stake, has made a \$130m cash offer for Daylin, a Los Angeles-based stores business which only emerged from bankruptcy proceedings in late 1976.

Grace said that it was ready to offer \$3.75 a share for Daylin, which has itself recently been looking for acquisitions as its cash position and earnings have improved.

In the wake of the Grace approach, Daylin issued a guarded comment saying it would study the proposal, and pointing out that it did not believe that its current share price adequately reflected the value of the company. Analysts interpret the company's remarks as a clear hint that it feels Grace will have to raise its offer to have any hope of reaching an agreed merger.

Daylin is a widely diversified specialty retailer with sales in its latest financial year to August, 1978, of \$833m and net income of \$9.8m or 28 cents a share.

It operates 63 home improvement centres in California and the sun belt states of the south west, and 157 women's apparel stores. It also provides pharmacy and health services in hospitals in 22 states.

Analysts point out that the company is recovering strongly from the financial difficulties which forced it to seek protection from its creditors under chapter 11 of the bankruptcy laws. They suggest that the acquisition would strengthen Grace's retailing operations geographically.

Daylin itself disclosed that the unnamed suitor with whom it was having merger talks a year ago was actually Grace, a revelation which further underlines the Grace Board's clear interest in expanding its specialty retailing operations. These include the rapidly growing Hermann's chain of sporting goods stores.

Sears Roebuck behind in Christmas sales boost

By Our New York Staff

SEARS ROEBUCK, the U.S. retailing giant, was the only major store which failed to increase its sales over the Christmas period, according to figures released here. Sales by Sears in the five weeks ended December 30 were \$2.69bn, down 2.3 per cent on the same period last year.

A company spokesman noted that sales this year were competing against exceptionally high, record, figures last year.

Other large retailers who reported yesterday (December sales increases in brackets) included J. C. Penney (11.5 per cent), Carter Hawley Hale (11.2 per cent), K Mart (18.1 per cent), Montgomery Ward (8.8 per cent), and Woolworth (11.7 per cent).

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MEDIUM-TERM CREDITS International \$300m. loan plan for new Milan airport

By John Evans

S. G. WARBURG, the London merchant banker, has confirmed that they had been holding negotiations on a proposed international loan of \$300m to help construct a major new airport for Milan. In Milan, Mr. Giuseppe Arcade, chairman of Società Aeroporti, said the company which manages Milan's two airports, disclosed the loan negotiations and said

the Italian transportation ministry would receive the loan. It would be guaranteed by the Italian Government.

However, it is not definite that such a new airport will be built, and the Italian parliament has not yet decided whether international financing would be sought. OLIVETTI CORPORATION of America has completed arrange-

ments to borrow \$30m for six years in the international markets. The credit, guaranteed by the parent company, Olivetti SpA, has been syndicated among a group of banks led by Banque de l'Indusrie de France and Banque de l'Union Europeenne. An interesting feature of the loan is that the borrower can either tap the Euro market or the U.S.

domestic market.

Consequently, the interest payable is either 107 per cent of the U.S. prime rate or based on a 1 per cent margin over London Eurodollar interbank rates.

A \$17m Eurodollar loan signed less than a month ago for an Abu Dhabi hotel project has now been cancelled, according to Arab bankers.

COMMODITIES/Review of the week Lead supply squeeze tightens

By Our Commodities Staff

CASH LEAD reached a new all-time peak price on the London Metal Exchange this week as the supply squeeze tightened. The cash price touched a high of \$471.5 a tonne, on Tuesday, eased slightly and then moved up again yesterday to close \$474 up on the week at \$468.5 a tonne.

It is now at a 240 premium over the three-months quotation which closed \$228.25 to \$228.25.

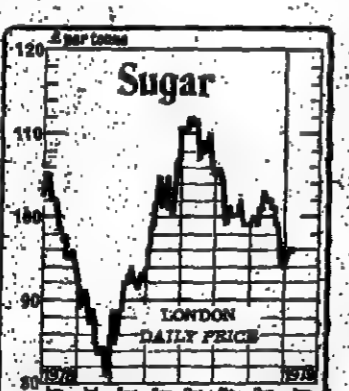
The market was boosted by reports of further Soviet Union buying interest as well as the continued acute shortage of supplies and price increases by U.S. lead producers.

Another "bullish" influence yesterday was a report from Washington that the U.S. stock price objectives may be raised by 10 per cent by the Federal Reserve Board. Agency issues new stockpile targets at the end of this month.

This would mean that possible stockpile purchases of materials already below target, such as lead, copper and zinc, would be increased, while the availability of surplus tin for sale would be reduced.

Copper moved higher, with the cash price gaining most ground following forecasts of another fall in warehouse stocks. Cash wirebars closed last night \$85 up at \$781.5 a tonne, while the three-months quotation was \$65 higher at \$783.25.

Cash tin ended the week lower, in spite of forecasts



white sugar on to the world market was illustrated this week when the London daily price for white sugar, which normally commands a premium over raws, slipped to \$93 a tonne resulting in the unusual situation of the refined product being cheaper than the raw material.

London cocoa futures prices opened the new year on a downward trend with the May position slipping to \$1,942.25 a tonne on Wednesday.

But a lower-than-expected Ghana main crop purchase figure, announced by the Ghana Cocoa Marketing Board on Thursday, encouraged a sharp rally and May delivery cocoa ended the week \$19 higher at \$1,990.5 a tonne.

This week's initial decline was encouraged by "bearish" fundamental news which included predictions of a high Brazilian temporary crop and the free availability of "abroad" cocoa on the London market.

The low Ghana purchases (\$544 tonnes in the week ending January 4) which encouraged the subsequent rally may have reflected the fact that the period covered was largely taken up with public holidays, some dealers said.

Cold weather in Mexico caused an upsurge in coffee values this week. Adverse weather in Europe coupled with strikes by lorry drivers in the UK and bargemen in Holland further encouraged the rise.

BASE METALS

COPPER—Finner again on the London Metal Exchange. Forward metal gained ground throughout the day, opening at £79.5 and ending at £79.5. The only trading feature was a narrowing of the contango following forecasts of a further reduction in warehouse stocks over the week, during which prices have fallen about 15.5. Turnover: 14,025 tonnes.

Wirebars	77.5-8.5	78.1-9.1	+4.7
Cash	77.5-8.5	78.1-9.1	+4.7
3 months	77.5-8.5	78.1-9.1	+4.7
6 months	77.5-8.5	78.1-9.1	+4.7
9 months	77.5-8.5	78.1-9.1	+4.7
12 months	77.5-8.5	78.1-9.1	+4.7

Assigned Metal Trading reported that in the morning wirebars traded at £77.5, three months £78.5, 6 months £79.5, 9 months £80.5, 12 months £81.5. Cathodes, three months £79.5, 6 months £80.5, 9 months £81.5, 12 months £82.5. Cathodes, three months £79.5, 6 months £80.5, 9 months £81.5, 12 months £82.5.

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pot 55p (56.0); Feb. 58.5p (57.25); March 57p (57.75).			
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	Yesterday's Close	+ or - —	Business Done
Exports:			
February	124.18-24.7	-0.25	24.00-24.89
April	121.70-21.8	-0.25	22.00-21.50
June	119.70-20.5	-0.65	20.50-19.50
August	118.50-21.2		

ASTMS criticises 'think-tank' report

BY CHRISTIAN TYLER, LABOUR EDITOR

THE CONCLUSIONS of the Central Policy Review Staff (the "think-tank") about the employment consequences of the so-called micro-electronics revolution came under fire yesterday from trade union activists who believe the effects have been understated.

The criticism came from officials of the Association of Scientific, Technical and Managerial Staffs at a seminar arranged by the union to prepare its negotiators for the coming changes.

Sir Kenneth Berrill, head of the CPMS, said the seminar that it was difficult to predict what would happen. As the report made clear, much depended on the rate at which the new technology was introduced, and that would probably be much less rapid than commonly supposed.

He defended the report's caution and its general conclusion that, although there might be patches of temporary unemployment, the overall impact had often been exaggerated. The report says the employment gain from new manufacture, provided Britain

acted quickly to be competitive in the field, was often understated.

A much gloomier picture was painted by Mr. Ray Currow, of the Science Policy Research Unit at Sussex University, who claimed that there had already been a net job reduction in some industries following the spread of products like digital watches and pocket calculators. He predicted a reduced economic activity in areas like the car industry, where electronics are expected to replace many mechanical components. Employment in the electronics industry itself had peaked, Mr. Currow said.

Trade union suspicion that Government bodies are not grappling with the social effects of very cheap automation is likely to mean strong initial resistance at shopfloor level and a drive for more union-based research.

Few unions have yet developed expertise, and fewer still any policy or strategy in the face of mounting pressure at Government and industry level for rapid adaptation to the new systems.

Minister on U.S. and Mexico oil mission

By Kevin Done, Energy Correspondent

DR. DICKSON MABON, the UK Minister of State for Energy, begins a week-long visit to the U.S. and Mexico today to meet oil industry leaders and Government Ministers.

On Tuesday Dr. Mabon will meet Señor José Andrés Oteyza, the Mexican Minister for National Resources and Industrial Development, who will probably represent Mexico at the expected meeting in London next month between the Organisation of Petroleum Exporting Countries and a small group of non-OPEC oil producers.

Along with Britain, Norway and Canada, Mexico is keen to explore in detail areas of common interest and possible co-operation with OPEC. In the U.S. Dr. Mabon will have talks with Occidental Petroleum, Santa Fe, Union Oil and Mesa, all of which have stakes in North Sea oil fields, as well as Fluor, the engineering and contracting company.

UK demand for oil products rose by 3.6 per cent in the first nine months of last year against the corresponding period of 1977, according to figures released by the Institute of Petroleum.

Petrol sales

Deliveries totalled 66.5m tonnes. Sales of petrol rose more quickly than expected and demand in the first nine months was 6.4 per cent up on 13.7m tonnes.

Demand for fuel oil rose by 3.3 per cent to 20.4m tonnes, and sales of diesel fuel increased by 2 per cent to 4.3m tonnes. Sales of naphtha, the petrochemical feedstock, declined by 3.9 per cent and sales of lubricating and gas oil were also lower than in the first nine months of 1977.

The biggest leap in petrol sales was shown in the four-star grade, which accounted for 10.9m tonnes out of total petrol sales of 13.7m tonnes. Demand for four-star petrol increased by 18.2 per cent in the first nine months, while demand for five-star petrol fell by 75 per cent and demand for three-star dropped by 18.4 per cent.

Stock Exchange dealings

Thursday, January 4	3,580
Wednesday, January 3	3,005
Tuesday, January 2	2,465
Friday, December 29	2,555
Thursday, December 28	2,445
Wednesday, December 27	1,674

The list below records all last Thursday's trading and also the latest markings during the previous four trading days of any share not marked on Thursday. The latter can be distinguished by the date (in parentheses).

The number of dealings made on Thursday in each section follows the name of the stock. Unlisted securities are fully paid and are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The Stock Exchange has been recording in the Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.30 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

BRITISH FUNDS (536)

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FOREIGN STOCKS (3)

COUPONS PAYABLE IN LONDON

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FOREIGN CORPS. (1)

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FINANCE, LAND—Continued[illegible][illegible][illegible]

1979-79	Stock	Price	% Chg.	Div.	Yld. %
172	100	111	0	1.2	8.914
173	100	97	0	0.70	10.0
174	100	97	+1	0.90	10.0
175	100	97	0	1.0	10.0
176	100	97	0	1.0	10.0
177	100	97	0	1.0	10.0
178	100	97	0	1.0	10.0
179	100	97	0	1.0	10.0
180	100	97	0	1.0	10.0
181	100	97	0	1.0	10.0
182	100	97	0	1.0	10.0
183	100	97	0	1.0	10.0
184	100	97	0	1.0	10.0
185	100	97	0	1.0	10.0
186	100	97	0	1.0	10.0
187	100	97	0	1.0	10.0
188	100	97	0	1.0	10.0
189	100	97	0	1.0	10.0
190	100	97	0	1.0	10.0
191	100	97	0	1.0	10.0
192	100	97	0	1.0	10.0
193	100	97	0	1.0	10.0
194	100	97	0	1.0	10.0
195	100	97	0	1.0	10.0
196	100	97	0	1.0	10.0
197	100	97	0	1.0	10.0
198	100	97	0	1.0	10.0
199	100	97	0	1.0	10.0
200	100	97	0	1.0	10.0
201	100	97	0	1.0	10.0
202	100	97	0	1.0	10.0
203	100	97	0	1.0	10.0
204	100	97	0	1.0	10.0
205	100	97	0	1.0	10.0
206	100	97	0	1.0	10.0
207	100	97	0	1.0	10.0
208	100	97	0	1.0	10.0
209	100	97	0	1.0	10.0
210	100	97	0	1.0	10.0
211	100	97	0	1.0	10.0
212	100	97	0	1.0	10.0
213	100	97	0	1.0	10.0
214	100	97	0	1.0	10.0
215	100	97	0	1.0	10.0
216	100	97	0	1.0	10.0
217	100	97	0	1.0	10.0
218	100	97	0	1.0	10.0
219	100	97	0	1.0	10.0
220	100	97	0	1.0	10.0
221	100	97	0	1.0	10.0
222	100	97	0	1.0	10.0
223	100	97	0	1.0	10.0
224	100	97	0	1.0	10.0
225	100	97	0	1.0	10.0
226	100	97	0	1.0	10.0
227	100	97	0	1.0	10.0
228	100	97	0	1.0	10.0
229	100	97	0	1.0	10.0
230	100	97	0	1.0	10.0
231	100	97	0	1.0	10.0
232	100	97	0	1.0	10.0
233	100	97	0	1.0	10.0
234	100	97	0	1.0	10.0
235	100	97	0	1.0	10.0
236	100	97	0	1.0	10.0
237	100	97	0	1.0	10.0
238	100	97	0	1.0	10.0
239	100	97	0	1.0	10.0
240	100	97	0	1.0	10.0
241	100	97	0	1.0	10.0
242	100	97	0	1.0	10.0
243	100	97	0	1.0	10.0
244	100	97	0	1.0	10.0
245	100	97	0	1.0	10.0
246	100	97	0	1.0	10.0
247	100	97	0	1.0	10.0
248	100	97	0	1.0	10.0
249	100	97	0	1.0	10.0
250	100	97	0	1.0	10.0</

	Low	Stock	Price	±	St. Net	Cm	Ytd	P/E
19	36	13	13	0.3	0.9	2.9	22.6	2.2
20	36	13	13	0.3	0.9	2.9	22.6	2.2
21	36	13	13	0.3	0.9	2.9	22.6	2.2
22	36	13	13	0.3	0.9	2.9	22.6	2.2
23	36	13	13	0.3	0.9	2.9	22.6	2.2
24	36	13	13	0.3	0.9	2.9	22.6	2.2
25	36	13	13	0.3	0.9	2.9	22.6	2.2
26	36	13	13	0.3	0.9	2.9	22.6	2.2
27	36	13	13	0.3	0.9	2.9	22.6	2.2
28	36	13	13	0.3	0.9	2.9	22.6	2.2
29	36	13	13	0.3	0.9	2.9	22.6	2.2
30	36	13	13	0.3	0.9	2.9	22.6	2.2
31	36	13	13	0.3	0.9	2.9	22.6	2.2
32	36	13	13	0.3	0.9	2.9	22.6	2.2
33	36	13	13	0.3	0.9	2.9	22.6	2.2
34	36	13	13	0.3	0.9	2.9	22.6	2.2
35	36	13	13	0.3	0.9	2.9	22.6	2.2
36	36	13	13	0.3	0.9	2.9	22.6	2.2
37	36	13	13	0.3	0.9	2.9	22.6	2.2
38	36	13	13	0.3	0.9	2.9	22.6	2.2
39	36	13	13	0.3	0.9	2.9	22.6	2.2
40	36	13	13	0.3	0.9	2.9	22.6	2.2
41	36	13	13	0.3	0.9	2.9	22.6	2.2
42	36	13	13	0.3	0.9	2.9	22.6	2.2
43	36	13	13	0.3	0.9	2.9	22.6	2.2
44	36	13	13	0.3	0.9	2.9	22.6	2.2
45	36	13	13	0.3	0.9	2.9	22.6	2.2
46	36	13	13	0.3	0.9	2.9	22.6	2.2
47	36	13	13	0.3	0.9	2.9	22.6	2.2
48	36	13	13	0.3	0.9	2.9	22.6	2.2
49	36	13	13	0.3	0.9	2.9	22.6	2.2
50	36	13	13	0.3	0.9	2.9	22.6	2.2
51	36	13	13	0.3	0.9	2.9	22.6	2.2
52	36	13	13	0.3	0.9	2.9	22.6	2.2
53	36	13	13	0.3	0.9	2.9	22.6	2.2
54	36	13	13	0.3	0.9	2.9	22.6	2.2
55	36	13	13	0.3	0.9	2.9	22.6	2.2
56	36	13	13	0.3	0.9	2.9	22.6	2.2
57	36	13	13	0.3	0.9	2.9	22.6	2.2
58	36	13	13	0.3	0.9	2.9	22.6	2.2
59	36	13	13	0.3	0.9	2.9	22.6	2.2
60	36	13	13	0.3	0.9	2.9	22.6	2.2
61	36	13	13	0.3	0.9	2.9	22.6	2.2
62	36	13	13	0.3	0.9	2.9	22.6	2.2
63	36	13	13	0.3	0.9	2.9	22.6	2.2
64	36	13	13	0.3	0.9	2.9	22.6	2.2
65	36	13	13	0.3	0.9	2.9	22.6	2.2
66	36	13	13	0.3	0.9	2.9	22.6	2.2
67	36	13	13	0.3	0.9	2.9	22.6	2.2
68	36	13	13	0.3	0.9	2.9	22.6	2.2
69	36	13	13	0.3	0.9	2.9	22.6	2.2
70	36	13	13	0.3	0.9	2.9	22.6	2.2
71	36	13	13	0.3	0.9	2.9	22.6	2.2
72	36	13	13	0.3	0.9	2.9	22.6	2.2
73	36	13	13	0.3	0.9	2.9	22.6	2.2
74	36	13	13	0.3	0.9	2.9	22.6	2.2
75	36	13	13	0.3	0.9	2.9	22.6	2.2
76	36	13	13	0.3	0.9	2.9	22.6	2.2
77	36	13	13	0.3	0.9	2.9	22.6	2.2
78	36	13	13	0.3	0.9	2.9	22.6	2.2
79	36	13	13	0.3	0.9	2.9	22.6	2.2
80	36	13	13	0.3	0.9	2.9	22.6	2.2
81	36	13	13	0.3	0.9	2.9	22.6	2.2
82	36	13	13	0.3	0.9	2.9	22.6	2.2
83	36	13	13	0.3	0.9	2.9	22.6	2.2
84	36	13	13	0.3	0.9	2.9	22.6	2.2
85	36	13	13	0.3	0.9	2.9	22.6	2.2
86	36	13	13	0.3	0.9	2.9	22.6	2.2
87	36	13	13	0.3	0.9	2.9	22.6	2.2
88	36	13	13	0.3	0.9	2.9	22.6	2.2
89	36	13	13	0.3	0.9	2.9	22.6	2.2
90	36	13	13	0.3	0.9	2.9	22.6	2.2
91	36	13	13	0.3	0.9	2.9	22.6	2.2
92	36	13	13	0.3	0.9	2.9	22.6	2.2
93	36	13	13	0.3	0.9	2.9	22.6	2.2
94	36	13	13	0.3	0.9	2.9	22.6	2.2
95	36	13	13	0.3	0.9	2.9	22.6	2.2
96	36	13	13	0.3	0.9	2.9	22.6	2.2
97	36	13	13	0.3	0.9	2.9	22.6	2.2
98	36	13	13	0.3	0.9	2.9	22.6	2.2
99	36	13	13	0.3	0.9	2.9	22.6	2.2
100	36	13	13	0.3	0.9	2.9	22.6	2.2

OILS								
	Low	Stock	Price	±	St. Net	Cm	Ytd	P/E
25	56	60	60	—	—	—	—	—
26	56	60	60	—	—	—	—	—
27	56	60	60	—	—	—	—	—
28	56	60	60	—	—	—	—	—
29	56	60	60	—	—	—	—	—
30	56	60	60	—	—	—	—	—
31	56	60	60	—	—	—	—	—
32	56	60	60	—	—	—	—	—
33	56	60	60	—	—	—	—	—
34	56	60	60	—	—	—	—	—
35	56	60	60	—	—	—	—	—
36	56	60	60	—	—	—	—	—
37	56	60	60	—	—	—	—	—
38	56	60	60	—	—	—	—	—
39	56	60	60	—	—	—	—	—
40	56	60	60	—	—	—	—	—
41	56	60	60	—	—	—	—	—
42	56	60	60	—	—	—	—	—
43	56	60	60	—	—	—	—	—
44	56	60	60	—	—	—	—	—
45	56	60	60	—	—	—	—	—
46	56	60	60	—	—	—	—	—
47	56	60	60	—	—	—	—	—
48	56	60	60	—	—	—	—	—
49	56	60	60	—	—	—	—	—
50	56	60	60	—	—	—	—	—
51	56	60	60	—	—	—	—	—
52	56	60	60	—	—	—	—	—
53	56	60	60	—	—	—	—	—
54	56	60	60	—	—	—	—	—
55	56	60	60	—	—	—	—	—
56	56	60	60	—	—	—	—	—
57	56	60	60	—	—	—	—	—
58	56	60	60	—	—	—	—	—
59	56	60	60	—	—	—	—	—
60	56	60	60	—	—	—	—	—
61	56	60	60	—	—	—	—	—
62	56	60	60	—	—	—	—	—
63	56	60	60	—	—	—	—	—
64	56	60	60	—	—	—	—	—
65	56	60	60	—	—	—	—	—
66	56	60	60	—	—	—	—	—
67	56	60	60	—	—	—	—	—
68	56	60	60	—	—	—	—	—
69	56	60	60	—	—	—	—	—
70	56	60	60	—	—	—	—	—
71	56	60	60	—	—	—	—	—
72	56	60	60	—	—	—	—	—
73	56	60	60	—	—	—	—	—
74	56	60	60	—	—	—	—	—
75	56	60	60	—	—	—	—	—
76	56	60	60	—	—	—	—	—
77	56	60	60	—	—	—	—	—
78	56	60	60	—	—	—	—	—
79	56	60	60	—	—	—	—	—
80	56	60	60	—	—	—	—	—
81	56	60	60	—	—	—	—	—
82	56	60	60	—	—	—	—	—
83	56	60	60	—	—	—	—	—
84	56	60	60	—	—	—	—	—
85	56	60	60	—	—	—	—	—
86	56	60	60	—	—	—	—	—
87	56	60	60	—	—	—	—	—
88	56	60	60	—	—	—	—	—
89	56	60	60	—	—	—	—	—
90	56	60	60	—	—	—	—	—
91	56	60	60	—	—	—	—	—
92	56	60	60	—	—	—	—	—
93	56	60	60	—	—	—	—	—
94	56	60	60	—	—	—	—	—
95	56	60	60	—	—	—	—	—
96	56	60	60	—	—	—	—	—
97	56	60	60	—	—	—	—	—
98	56	60	60	—	—	—	—	—
99	56	60	60	—	—	—	—	—
100	56	60	60	—	—	—	—	—

OVERSEAS TRADERS								
	Low	Stock	Price	±	St. Net	Cm	Ytd	P/E
310	224	Africa Ltd.	280	+5	15.57	13.9	1.9	23
311	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
312	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
313	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
314	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
315	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
316	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
317	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
318	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
319	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
320	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
321	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
322	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
323	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
324	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
325	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
326	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
327	224	Assam Trg. B.L.	280	+5	15.57	13.9	1.9	23
328	224	Assam Trg. B.L.						

Chestertons

MINES—Continued									
AUSTRALIAN									
1978-79	Stock	Price	+ or -	Div.	Mo.	Yr.	Yr.	Yr.	Yr.
15	90	Acme Zinc	11	—	—	—	—	—	—
20	64	Buenavista 50c	139	—	100c	14	3.6	—	—
131	248	B.H. South 50c	108	—	—	—	—	—	—
149	12	Chrysolite 50c	25	+20	—	—	—	—	—
194	63	Copper Resources 50c	294	+40	200c	2.2	—	—	—
232	19	D.M. Pacific N.L.	26	—	—	—	—	—	—
25	10	Eastview 50c	31	+12	—	—	—	—	—
77	45	G.M. Kalgoorlie N.L.	64	—	—	—	—	—	—
116	18	Golden Fields 50c	14	—	—	—	—	—	—
168	18	Hammer Gold N.L.	14	—	+3.55	2.0	3.6	—	—
174	10	Imperial 50c	34	—	—	—	—	—	—
202	10	Ironbark 50c	26	—	—	—	—	—	—
222	10	M.N. Hyde 50c	215	+7	6c	1.7	2.6	—	—
225	10	Mineral 50c	102	—	—	—	—	—	—
226	10	Mount Lyell 50c	42	+2	—	—	—	—	—
242	10	Noranda 50c	102	—	—	—	—	—	—
245	12	North Star 50c	102	—	08c	1.5	4.5	—	—
256	8	North Star 50c	102	—	—	—	—	—	—
261	10	North Star 50c	102	—	—	—	—	—	—
262	10	North Star 50c	102	—	—	—	—	—	—
263	10	North Star 50c	102	—	—	—	—	—	—
264	10	North Star 50c	102	—	—	—	—	—	—
265	10	North Star 50c	102	—	—	—	—	—	—
266	10	North Star 50c	102	—	—	—	—	—	—
267	10	North Star 50c	102	—	—	—	—	—	—
268	10	North Star 50c	102	—	—	—	—	—	—
269	10	North Star 50c	102	—	—	—	—	—	—
270	10	North Star 50c	102	—	—	—	—	—	—
271	10	North Star 50c	102	—	—	—	—	—	—
272	10	North Star 50c	102	—	—	—	—	—	—
273	10	North Star 50c	102	—	—	—	—	—	—
274	10	North Star 50c	102	—	—	—	—	—	—
275	10	North Star 50c	102	—	—	—	—	—	—
276	10	North Star 50c	102	—	—	—	—	—	—
277	10	North Star 50c	102	—	—	—	—	—	—
278	10	North Star 50c	102	—	—	—	—	—	—
279	10	North Star 50c	102	—	—	—	—	—	—
280	10	North Star 50c	102	—	—	—	—	—	—
281	10	North Star 50c	102	—	—	—	—	—	—
282	10	North Star 50c	102	—	—	—	—	—	—
283	10	North Star 50c	102	—	—	—	—	—	—
284	10	North Star 50c	102	—	—	—	—	—	—
285	10	North Star 50c	102	—	—	—	—	—	—
286	10	North Star 50c	102	—	—	—	—	—	—
287	10	North Star 50c	102	—	—	—	—	—	—
288	10	North Star 50c	102	—	—	—	—	—	—
289	10	North Star 50c	102	—	—	—	—	—	—
290	10	North Star 50c	102	—	—	—	—	—	—
291	10	North Star 50c	102	—	—	—	—	—	—
292	10	North Star 50c	102	—	—	—	—	—	—
293	10	North Star 50c	102	—	—	—	—	—	—
294	10	North Star 50c	102	—	—	—	—	—	—
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FINANCIAL TIMES

Saturday January 6 1979

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FLUID TRANSFER, CONTROL AND
REGULATION • LUBRICATION SYSTEMS •
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COMBUSTION ENGINEERING

MAN OF THE WEEK

Eyes on the White House

BY JUREK MARTIN

IT HAS happened before: a Supreme Allied Commander in Europe, concerned that the Republican Party was falling under the sway of an arch-conservative, has been tempted into the American political arena, unhorsed the Right-wing favourite and gone on to throw the Democrats out of the White House. The General was Dwight D. Eisenhower, the Republican opponent Robert Taft and the Democratic President was Harry S. Truman and the candidate a product of the liberal establishment, Adlai Stevenson.



General Alexander Haig
In the footsteps of Eisenhower
romantic but it does not take great imagination to transpose 1952 with 1980 and to substitute the names of himself, Ronald Reagan, Jimmy Carter and Edward Kennedy.

But there the dream surely has to stop. For if Alexander Haig really is going to get into American domestic politics at the elective level he is going to find both the nation and the Republican Party less easy beasts to grapple with than Eisenhower did in the day when the legendary smoke-filled room determined who did what, when, and to whom.

For a start, whatever the personal qualities he may bring to bear, General Haig has done none of the wounding of the diverse political community that is mandatory these days. His public reputation is fine as far as it goes—as Henry Kissinger's chief aide at the National Security Council in the first Nixon term, as the rocklike Chief of the White House Staff who kept his head while everybody else in those traumatic final days was losing theirs and who arranged the transition for President Ford, and as a somewhat abrasive but undeniably effective NATO commander whom President Carter retained, to the surprise of many, for two years after assuming power. The Nixon connection, however, does constitute a political liability, since the Republican Party is doing its best to exorcise the memory of its former leader.

Moreover, the lesson of the last generation of American politics is that it is usually imperative to get into the presidential race early and to run hard. That is what any number of Republicans are now doing, from Philip Crane, the conservative Illinois Congressman, to Ronald Reagan, whose candidacy is all but official, to George Bush, the former party chairman and United Nations Ambassador, to John Connally, Mr. Nixon's Treasury Secretary, to Howard Baker, John Anderson, Robert Dole, Lowell Weicker and many more besides. All of them, at the very least, have been testing the political waters for months, whereas General Haig has yet to insert his toe.

The exception, of course, is former President Ford, who has said he will not contest the early primaries next year but who has not ruled out accepting an appeal from a divided party. Perhaps General Haig, if his ambitions run to the Presidency, will position himself in a similar manner, as are, for example, the likes of Donald Rumsfeld, ex-Congressman, White House adviser and Nato Ambassador, William Simon, the last treasury secretary, and a few others to boot.

General Haig may, of course, have other political fish to fry—making himself available as a Cabinet member, for example, or entertaining a run for the Senate or taking a long-term view (he is only 55 years old). After all, Henry Kissinger is thinking of bidding for Senator Jacob Javits's New York Senate seat next year: he could always re-opt his former sidekick.

Oil groups hopeful on tanker men's pay

BY NICK GARNETT, LABOUR STAFF

FOUR of the five main oil companies were confident last night that pay offers to their tanker drivers and ancillary workers were proving acceptable.

Votes at Esso's oil terminals are understood to be running 6-1 in favour of accepting a 15 per cent deal, not linked to productivity.

BP and Mobil expect acceptance from their drivers after the first depot meetings. Shell hopes for a settlement but said it was still too early to know.

Picketing by Texaco drivers who began an all-out strike yesterday in protest at a similar 15 per cent offer severely disrupted petrol and oil supplies in some areas.

Ulster, parts of Merseyside, Manchester, North London and some Home Counties are severely affected, or likely to face difficulties soon.

About 900 drivers of the main

oil companies are on unofficial strike in Ulster. Some companies began laying off workers because of fuel shortages, and more than three-quarters of the 800 petrol stations ran dry. The Northern Ireland Office asked the public to conserve fuel.

Big oil terminals at Buncfield, near Hemel Hempstead, Herts, Ellesmere Port, Cheshire, were almost halted by picketing Texaco drivers.

Oil companies said a few other depots were disrupted by picketing but in many areas supplies were normal.

Bus services in Manchester have stopped. Those in Newcastle-upon-Tyne and the East Midlands are disrupted.

National meetings of drivers' shop stewards from the main companies are being convened early next week to assess voting. The companies propose an increase of £3 on the basic pay of

£75. The new figure would be the calculator for overtime and shifts. These would raise average weekly earnings of £112-£115 to about £130.

Barry Riley writes: World oil stocks will fall sharply by the end of the first quarter, Mr. Michael Pocock, chairman of Shell Transport and Trading, said yesterday.

"It is wrong to say there is a crisis round the corner," he stated. "Fuels are the way to ensure a crisis. But it is wrong to say nothing should be done."

World stocks could fall below 70 days' supply by April if exports of crude oil from Iran remained suspended.

Shell executives estimate that a surplus of crude oil could be restored later in the year if Iran restored her exports to normal levels and other countries followed maximum production policies.

Weekend Brief, Page 17

Parents win first round in lead pollution case

BY MAURICE SAMUELSON

THE CAMPAIGN to have lead additive removed from petrol in Britain won its first round in court yesterday when a private case against two oil companies and Ford Motor Company, the first of its kind in the UK, was sent for a full trial.

British Petroleum, Shell and Ford have been sued by three London children, whose parents claim that lead in petrol has damaged their health. Also named in the case—heard before the Mayor's and City Court in London—is Associated Oils, the lead processing company in which BP and Shell have interests.

The parents want Britain to follow the examples of the U.S., West Germany, the Soviet Union and Japan, where lead has been removed from petrol, or strictly limited, by law.

They claim that lead in petrol has affected the children's nervous systems, as shown in their hair and blood through vegetable analyses and biochemical tests. They are seeking for public nuisance and negligence. The defendants had claimed the case was vexatious or frivolous, but Mr. Andrew Myers, the City Court Registrar, said: "The court has a duty to safeguard the interests of minors."

Further claims by the plaintiffs—including trespass against the person—were not allowed, but the parents said that the core of the case would go for trial.

It will be heard before a judge either at the Mayor's and City Court or at the High Court.

Yesterday's decision came after five days of hearings. The last full day was devoted to evidence on behalf of Fidel Budge, aged three, Marilyn Albery-Spencer, three, and Gulliver Handley, one.

Mr. Nicholas Albery, an architect's assistant who represented his son, said the decision to go to trial was "a victory for the common man."

A second child was represented by a barrister and the third by a solicitor. Both are giving their service free.

The children are all expected to claim damages of £2,000, and the case will be followed closely by the anti-pollution lobby.

Scientists are divided over the degree of danger to health caused by lead in petrol, which is used to stop "pinging" in motor car engines and raise their efficiency.

In November, six scientists of the Harwell nuclear research establishment reported that lead level risks from exhaust fumes could be more than twice as high as previously thought, and that they could affect the mental development of children.

But scientists on a Government-sponsored investigation into children who live near Birmingham's airport, the "Spaghetti Junction," while acknowledging the high blood-lead levels of children in the district, did not agree about the dangers.

The Department of the Environment, which sponsored the working party, also dismissed the increased levels as not of special concern. Mr. Denis Howell, Environment Minister of State, has said that if the UK adopted West Germany's stringent controls it would cost the balance of payments about £200m a year. Car engines would have to be altered, resulting in higher petrol consumption.

Mr. Gordon Borrie, Director-General of Fair Trading, launched a strongly worded attack on the Monopolies and Mergers Commission for failing to investigate the possible reduction of the number of petrol stations owned by the main petrol companies.

The Commission had been clearly asked to examine this particular issue—a reduction in the number of petrol stations had been urged by the Motor Agents Association, when Sir John Methven, the then director-general, directed the Commission in early 1976 to investigate the wholesale supply of petrol in the UK.

The Commission's report, published yesterday, concluded that no monopoly conditions were operating against the public interest in the wholesale supply of petrol.

Mr. Borrie said last night: "I am disappointed that the Commission interpreted their terms of reference as not enabling them to investigate a number of licensing and leasing matters of particular concern to the Motor Agents' Association."

His statement was the first time that a director-general had commented on a Monopolies Commission report and it was being made clear last night that in the restrained language used in Whitehall, considerable criticism was being expressed by the Office of Fair Trading.

Borrie attacks petrol monopoly probe

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

AN UNPRECEDENTED row developed last night between two Government agencies over the handling of a monopoly probe into the supply of petrol to garages.

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Japan's draft budget up 12.6%

By Charles Smith, Far East Editor, in Tokyo

JAPAN'S Government spending in the 1979 fiscal year, which begins in April, will rise by the smallest percentage amount since 1965 under the draft budget presented to the Cabinet yesterday.

The ¥38,600bn (¥97bn) main budget, if approved by the diet, will be 12.6 per cent larger than the original 1978 budget, while the supplementary fiscal loan and investment programme will cost 10.4 per cent more at ¥16,436bn.

The rate of increase in Government spending in the 1979 fiscal year will be slightly higher than the estimated nominal rise in Gross National Product (9.5 per cent according to the official target), but much less than the 20.3 per cent increase in spending budgeted for in the 1978 fiscal year.

Bond issues

The modest rate of increase in planned expenditure reflects a severe squeeze on Government revenue which is related to the effects of low economic growth. Tax revenue, which has stagnated for the last two years, is expected to be barely above last year's levels, even with newly introduced taxes.

The Government will thus be relying more heavily than ever on deficit financing this year. A total of ¥15,270bn worth of funds is due to be raised by bond issues during the year. ¥4,285bn more than the amount of last year's bond issue.

The Finance Ministry attempted until last year to keep deficit financing to below 30 per cent of total Government spending, but was obliged to abandon this ceiling in December, 1977, when the U.S. insisted that Japan adopt a more expansionist economic policy.

Deficit financing in last year's budget was raised to 38.9 per cent of Government spending, a figure regarded as dangerously high by the conservative-minded Finance Ministry. This year, the ratio of deficit financing will reach 38.6 per cent of the main budget, assuming no new taxes are introduced during the fiscal year.

Public works

A new general excise tax, at one time tentatively scheduled for next January, is now unlikely before April next year. Since the fiscal year ends in March, the Ministry has been obliged to leave the new excise tax out of account when calculating its revenues for fiscal 1978.

Faced with the need to restrict the overall size of the budget, the Ministry seems to have decided to minimise current expenditure this year and to spend freely on public works and housing, two areas in which Government spending can help to promote economic recovery.

The amounts earmarked for public works in the main budget are 17.8 per cent greater than a year ago, with extra appropriations in the fiscal investment and loan account. By contrast, current expenditure will rise to just under 8 per cent, and social security appropriations will rise 12 per cent compared with a 19 per cent rise in last year's budget.

Defence spending will go up 10.2 per cent to ¥2,094bn, keeping the defence budget at almost 0.9 per cent of Gross National Product. Aid appropriations will total ¥710bn, bringing overseas development assistance to an estimated 0.307 per cent of GNP during the year.

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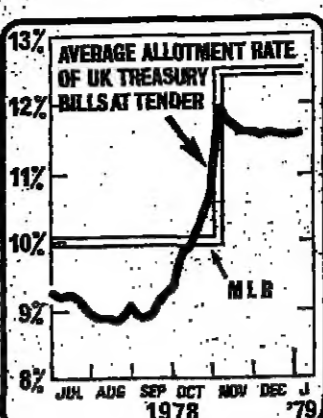
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THE LEX COLUMN

Opposing views on money rates

Index fell 2.4 to 479.5



Once again a rather cheerless Friday afternoon was enlivened by an interesting Treasury bill tender. Discount houses with April 5 year-end may have been bidding up to acquire bills which will mature in three months' time at the beginning of their financial years. But the market is firmly of the opinion that a good proportion of the £300m bills on offer went to Union Discount, which has walked off with most of the bills going in the past few weeks.

Those houses which have received hardly any bills at recent tenders have initially put this aggressive bidding down to the need of Union, the largest discount house, to keep the rate as low as possible for its year-end accounts. Now that December 31 has gone by, the Machiavellian theory of its rivals is that it is trying to protect its long position in the hope of selling bills back to the authorities at favourable intervention rates on the assumption that money will be tight next week.

The more straightforward explanation could simply be that Union is building up a substantial bull position in anticipation of lower short-term money rates.

It looks as though, in this case, a real diversity of views is emerging about the trend of London interest rates—the more bullish houses, after all, insist that the present discount on 91-day bills, at around 11.6 per cent, is a point too low.

Optimism may be mildly infectious. At least, short gilts were rather firmer after the bill tender, and the behaviour of forward sterling suggests there is not much immediate pressure coming through from New York.

Fringe bank boom

All of a sudden fringe banks are back in fashion. First National Finance Corporation shares, which had been languishing at 4p in 1977, and started 1978 at 12p, closed last night at 7p. However, this performance has been overshadowed by the 91 per cent subordinated unsecured loan stock 1982-87 which has shot up from 50p to £48 over the last year.

Not bad going for a company whose chairman, less than two years ago, said that nothing short of a miracle would turn it around. At the last reckoning, FNFC, now capitalised at the princely sum of £8.5m had a deficit on shareholders' funds of £68m.

And while the performance of FNFC's warrants, convertible into shares at 10p, has been

less than stellar, it has been quite dazzling, shares in other long forgotten fringe banks have also been doing spectacularly well. Top prize must go to Cedar Holdings which started the year at around 5p and was taken over by Lloyds and Scottish a couple of months ago at 28p per share. Then there is Authority Investments, whose banking subsidiary was still in the lifeboat at the last count—its shares doubled this year and, in common with Fraser Ansbacher and Corinthian Holdings, they now stand at their highest level for well over two years.

This sudden burst of popularity is rather puzzling. The two biggest victims of the fringe banking crisis, First National Finance and UDT, continue to wallow in the lifeboat and the recent rise in interest rates can only have delayed their eventual recovery.

However, none springs eternal in the minds of some punters and the City was alive with rumours last week that somehow a magic wand can be waved. The story is that all FNFC's troubles will be seen to have miraculously disappeared when it announces its annual results next Thursday. Unfortunately, the clearing bankers now in charge of FNFC are not renowned as magicians and until FNFC reveals details about its balance sheet and property involvement the shares are nothing better than a gamble at current prices.

Admittedly, property prices have moved ahead strongly in 1978 which should strengthen FNFC's balance sheet and judging by the performance of competitors, FNFC's consumer finance division should have done well last year—probably earning around £10m. This could be sold off for £50m say at some

stage, and given the interest shown in Cedar Holdings there should not be any shortage of would-be purchasers. However, the sale of this side of the business is not going to lead to a bonanza for shareholders, and the institutions are probably reluctant to lose the only plum in the business until they can see some light at the end of the tunnel. The clearest solution for both UDT and FNFC would be a complete takeover but the problem is finding a kindly suitor who would take all the good bits and the bad.

Certainly the first quarter figures will get a boost from the first instalment of the OPEC crude price increases. But the oil companies are anxious to point out that there is a big difference between stock prices and stock appreciation. The latter creeps into historic accounts which are drawn up on the FIFO (first in, first out) basis which is required in the UK. It is eliminated by LIFO (last in, first out) accounting for stocks, which is common in the U.S., and would also be eliminated by current cost accounting. But the oil companies will only make real profits if they can sell old cheap stocks at new high prices, and whether they can do that is debatable.

In many countries, after all, price control authorities watch oil product prices very closely, and insist that old stocks are used up before prices can be adjusted. Recent big spot price rises in Rotterdam—gasoline, for instance, has risen by some 50 per cent over the past six months or so—are not representative of the prices actually achieved in major consuming countries. In fact, oil majors like Shell are concerned that OPEC's little-but-often policy for crude oil price increases—three more small quarterly hikes are due this year—will make it more difficult for the oil companies to obtain rapid adjustments in controlled markets.

Weather

UK TODAY

DRY with some freezing fog patches. Rain, sleet or snow in some parts of the north. London, E. Anglia, S. England, S. Midlands, Channel Islands. Freezing fog patches clearing to dry with sunny periods. Max. 3C. (37F.).

E. N. England, Wales, Midlands, Lakes.

Dry with fog patches and frost in parts, becoming cloudy with sleet or snow later. Max. 3C. (37F.).

Isle of Man, Scotland, Scottish Islands, N. Ireland.

Cloudy with outbreaks of sleet or snow turning to rain. Max. 4C. (39F.).

Outlook: Becoming milder and changeable after occasional rain or sleet.

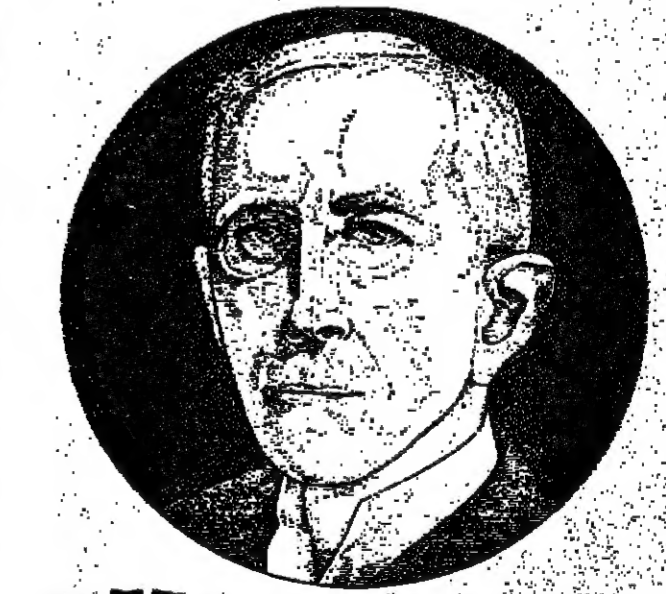
Snow reports, Page 5

BUSINESS CENTRES

City	Y'day	Mid-day	Y'day	Mid-day
Amsterdam	C-10 14	Luxemb.	F-10 14	
Athens	R 19 68	Madrid	F-4 39	
Berlin	R 8 48	Moscow	F-4 39	
Bombay	C-13 58	Paris	F-4 39	
Buenos Aires	C-13 58	Prague	F-4 39	
Calcutta	C-13 58	Rangoon	F-4 39	
Cardiff	C-13 58	Singapore	F-4 39	
Chicago	C-13 58	Taipei	F-4 39	
Cologne	C-13 58	Tokyo	F-4 39	
Dublin	C-13 58	Yokohama	F-4 39	
Edinburgh	C-13 58			
Frankfurt	C-13 58			
Glasgow	C-13 58			
Helsinki	C-13 58			
Hong Kong	C-13 58			
London	C-13 58			

HOLIDAY RESORTS

City	Y'day	Mid-day	Y'day	Mid-day
Ancora	C-11 52	Istanbul	F-7 45	
Algiers	R 18 81	Jakarta	F-7 45	
Amman	C-11 52	Manila	F-7 45	
Batavia	C-11 52	Medan	F-7 45	
Bombay	C-11 52	Port of Spain	F-7 45	
Buenos Aires	C-11 52	Rangoon	F-7 45	
Calcutta	C-11 52	Singapore	F-7 45	
Cardiff	C-11 52	Taipei	F-7 45	
Chicago	C-11 52	Tokyo	F-7 45	
Cologne	C-11 52	Yokohama	F-7 45	
Dublin	C-11 52			
Edinburgh	C-11 52			
Frankfurt	C-11 52			
Glasgow	C-11 52			
Helsinki	C-11 52			
Hong Kong	C-11 52			
London	C-11 52			



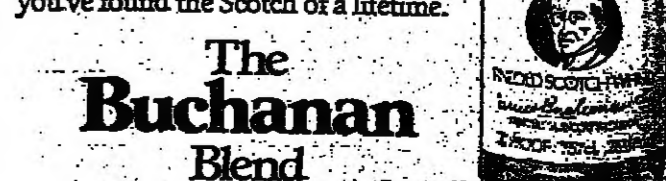
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